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23 DECEMBER 1986

LATIN AMERICA REPORT

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ARGENTINA REPORTS CHILEAN SPY RING ACTIVITY

PY172323 Buenos Aires DYN in Spanish 0144 GMT 15 Nov 86

[Text] Buenos Aires, 14 November (DYN)--Reliable sources in Buenos Aires have revealed that a large spy network belonging to Chilean intelligence services has been deployed in Argentina with the specific task of keeping watch on the actions of activists and political refugees who oppose Augusto Pinochet's regime.

The main mission of the Chilean agents who are deployed throughout the country is to identify and neutralize Chileans who are suspected of opposing the Chilean regime. Moreover, these agents are also engaging in military intelligence as a secondary task.

The sources have told DYN that the Chilean agents have been able to infiltrate even the most closed Chilean activists and opposition circles in Argentina, especially in the provinces that border on Chile.

The agents pretend to be simple refugees without identity documents, intellectuals, and even businessmen. It is also known that they reside in extremely precarious conditions in tenements in the shantytowns where Chilean expatriates reside. They participate in marches of repudiation carrying pamphlets with slogans that score the Chilean chief of state. They organize campaigns of repudiation and they frequent intellectual and lower-middle-class sectors that oppose the Chilean Junta.

The main mission of these agents is to collect and evaluate intelligence and immediately report to Santiago on the possible actions that the opposition might carry out in Chilean territory so that these actions can be neutralized. Occasionally they use direct action such as intimidation, persecution, and kidnappings if their bosses deem it necessary.

One such incident occurred several weeks ago after the violence that took place in Santiago before and after the failed attack against Pinochet.

Alleged Chilean agents in Buenos Aires kidnapped Joaquin Rengifo and Carlos Soto, members of the Chilean Christian Democratic Party. Rengifo sought refuge in Argentina in April 1986, and Soto did so in August of the same year.

The two Chilean citizens charged that they were intercepted by the alleged agents, who kidnapped them and interrogated them in an unknown place for 4 hours. The agents wanted to know all about the activities that they carried out in Argentina against the Chilean Government.

Rengifo, 30, an electronics technician, had sought refuge in Argentina along with his wife and two children.

Soto, 23, resided in the country with his wife and son.

Both of them charged that they had been tortured by "persons with a typical Chilean accent." After they were released, they asked for refuge that same night in the Brazilian Embassy in Buenos Aires.

The Brazilian Foreign Ministry consulted with the Argentine Foreign Ministry asking whether there was a warrant for the arrest of the Chileans and their families. The answer was that the Argentine authorities knew absolutely nothing about the incident and therefore, there was nothing to stop them from remaining in the country or leaving it.

Anyway, the Chileans opted to ask for asylum in Brazil, which was granted. Under the custody of the Brazilian Embassy, the two families were taken to Ezeia International Airport, where they boarded a regular flight with safe conducts issued by Itamaraty.

Ademir Malavazi, official spokesman of the Brazilian Justice Ministry, stated 2 days ago, when he made the announcement about the granting of the asylum, that "the Brazilian Government had decided to grant them asylum after investigating and verifying that they had been mistreated in Buenos Aires.

"Both of them decided to come to Brazil after verifying that in Argentina they did not have the necessary guarantees that would protect them from more violence."

The sources have told DYN that the Chilean agents try not to use conventional methods of travel, such as airlines, in order to avoid coming under suspicion of the Argentine authorities and to prevent military counterintelligence agents from following them.

Thus, they enter the country with the hundreds of workers who daily cross the border in the southern part of the country to work in the Rio Turbio coal mines or the Patagonian oil wells.

Many Patagonian enterprises [words indistinct] hire people who do not have identity documents in order to pay low salaries and to avoid paying social taxes, are perfect channels for agents because they generally ask few questions when hiring pieceworkers. And they also forge identity and temporary admission documents, the sources added.

The agents then go to Buenos Aires, Mendoza, and other cities where there are large concentrations of Chilean refugees. They have been able to organize important systems for collecting information.

At the same time, other agents, who are experts in intelligence tasks and radio interception in the high mountains, are to be found in the Andes Mountains, where they pretend to be simple mountain guides or drovers. Their mission is to discover leftist groups [words indistinct] that are active in Chile, which could potentially cross the border into Argentina to seek refuge in areas that are not regularly patrolled. In Argentina they can treat their wounded, rest, and plan other actions, especially the blowing up of high-tension and communications pylons.

The sources believe that the Chilean spy ring that has been deployed in Argentina is so efficient that it can inform Pinochet within 6 hours about even the most insignificant movements of the Chilean opposition here.

The sources stressed that even though in the past there was always some type of mutual cooperation between the security forces of the two countries, even during the hottest moments of the Beagle Channel crisis, in order to uncover leftist guerrilla groups, including an "exchange" of information between the intelligence services of the two countries, there is no indication that this cooperation continues.

The sources explained that the decisive intelligence support in the south of the country that Chilean forces gave to British operations during the Malvinas War broke the existing channels. This is why Chilean agents are active here presumably without any type of police or intelligence cooperation in their hunt for members of the opposition or for potential terrorists who are being sought in Chile.

President Raul Alfonsin received a constant flow of information about the actions of Chilean opposition groups that have sought refuge here, and about those who wish to disrupt them.

One of the concerns at the military level is that if leftist groups cross over at any point along the inhospitable 5,000-km common border between the two countries, they might be pursued by Chilean forces who have been charged with repressing them, or carrying out some punitive action that could lead to an international conflict.

Although it has never been officially admitted, it is known that when he visited the Soviet Union and Cuba, Alfonsin expressed concern to the chiefs of state of the two countries about the actions of the Argentine Communist Party and other leftist groups [words indistinct], he said, could not lack knowledge about such maneuvers.

Chile has also been informed through diplomatic channels about Argentina's concern over the alleged actions of ultrarightist agents, but Santiago has repeatedly denied the possibility.

The information network that has been deployed in the country by Chilean intelligence was organized at the time of the 1973 military coup and it was active until 1976, when Maria Martinez Peron's government was overthrown.

With the advent of the military regime in this country, there were very few guarantees for Chilean exiles residing here and the Chilean agents either withdrew to their bases or, because of the Beagle crisis, carried out military intelligence tasks. But, with the return of democracy to Argentina in 1983 came a overnight resurgence of the opposition's activities against Pinochet, and the intelligence systems were reactivated in internal counterinsurgence operations.

During the past few months in Argentina, there have been some incidents that were initially related to potential military espionage activities, but later on they were related to spying on members of the Chilean opposition.

On 1 February 1986 in the neighborhood of Comodoro Rivadavia, two sublieutenants from the military base of Punta Arenas, Chile, died in a traffic accident as they were driving to northern Argentina, allegedly as tourists.

In March nine individuals, including a member of the Chilean military, were arrested in Neuquen and charged with being linked to an alleged spy ring. The case is in the hands of Rodolfo Rivarola, the federal judge in Neuquen, who ordered the indictment of four individuals. Chile has denied that any member of its military was involved.

Exactly 1 year ago in Mendoza, two young Chileans were murdered in a confusing incident by a commando made up of four individuals.

The two youths were identified as Jorge Leonardo Acuna Henrique, 24, and Jorge Arturo Zabala Toledo. At the time it was thought that the two dead men were former agents of the Chilean National Intelligence Center, and that they had deserted to Argentine territory.

The two of them were caught by surprise by armed individuals at the hotel where they were staying.

Other people who were staying at the hotel told the police at the time that two of the commando's members held them at bay, while the other two entered the rooms of the victims and killed them.

The witnesses also stated that the executioners did not wear masks and that they spoke very poor English, but with a clear Chilean accent.

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CSO: 3348/121

ECUADORAN CONGRESS PRESIDENT OF ANDEAN GROUP REFORM

PA030037 Quito Voz de los Andes in spanish 1130 GMT 2 Dec 86

[Text] Congress President Andres Vallejo has endorsed (Enrique Ayala Mora)'s decision to convene a joint meeting [comision ampliada] of the Standing Legislative Committees this afternoon to discuss the country's various political, economic, and social problems. Vallejo said that the decision of the acting president of parliament coincides with the rules and regulations of Congress and stressed that he disagrees with the questions raised by the president of the republic about the joint meeting.

Vallejo also reported on the meeting he held in Caracas with the presidents of the congresses of the Andean Group member-countries.

[Begin Vallejo recording] At this meeting we basically approved three points of a declaration that consists of... [changes thought] in which the presidents of the five member-states were asked to meet during the early months of 1987 to adopt the political decision indispensable for revitalizing the Andean Group. The Andean Group has been in crisis for a long time, and it would be absurd for it to remain so. Therefore, there is this request from the congresses of the five countries to adopt a political decision to revitalize the Andean Group.

In addition, the meeting issued a communique expressing solidarity with Argentina and rejecting Great Britain's attitude regarding the Malvinas conflict, which has worsened because of its statements and refusal to engage in diplomatic talks with Argentina.

Finally, it issued a declaration--which is very important--in the sense that it is indispensable to strengthen the democratic regimes in the various countries, because there cannot be any talk of integration if there is no talk of democracy. The democratic system is indispensable to discussing integration, and if we are talking about the need to strengthen the integration process there is also a need to strengthen the democratic process in all Latin American countries.

The meeting of the Andean Group also approved a recommendation that the group be institutionalized because it has been operating for a long time without a legal framework or an international treaty to support it. This draft treaty has been submitted to the various countries for their consideration to be able to continue with the institutionalization and approval of the bylaws, which have also been approved by the respective commission.

This is what I wanted to report to you, and also that I met with the associations of Ecuadoran citizens living abroad [word indistinct]. The meeting was held in the United States and was attended by many representatives of Ecuadoran associations, of which there are over 400 in the United States alone. [end recording]

Vallejo will not attend the joint meeting of standing committees because he has become acting vice president of the republic in Blasco Penaherrera's absence.

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CSO: 3348/121

INTER-AMERICAN AFFAIRS

BRIEFS

ALADI COUNTRIES SALES--Montevideo, 22 November (EFE)--Uruguayan exports to several Latin American and European countries have increased "substantially," especially to Brazil (by 137 percent). According to the Banco de la Republica, during the first 8 months of 1986 Uruguayan sales to the United Kingdom increased by 91 percent compared to the same period in 1985. From January to August, Brazil purchased Uruguayan products worth \$164 million. Argentina came next with \$52 million. Total sales to ALADI member countries (Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela) increased, on the average, by 85 percent during the first 8 months of 1986. [Text] [Madrid EFE in Spanish 1500 GMT 22 Nov 86 PY] /12232

CSO: 3348/121

STUDENTS DEMONSTRATE AGAINST POLICE REPRESSION

PY151933 Buenos Aires BUENOS AIRES HERALD in English 15 Nov 86 p 11

[Text] Some 5,000 students demonstrated last night marching from Houssay Plaza in Cordoba and Junin to the headquarters of the Education Ministry to protest what they described as brutal police repression against demonstrating students in the lower Belgrano District on Thursday.

Hundreds of policemen kept a watchful eye on the demonstrators but no special forces were called out and the march proceeded peacefully with police cutting traffic on Paraguay to open the way for the students.

The students did stage a short sit-in on the pavement at the corner of Cordoba and Callao, while police turned traffic on to side streets, and then continued to the Education Ministry.

Earlier, Interior Secretary Facundo Suarez Lastra said the government did not issue orders for the police to repress Thursday's demonstrations when some 650 students tried to stage a sit-in on Lugones Avenue to demand a higher budget for the Exact Science School of the University of Buenos Aires.

Federal Police Chief Juan Pirker declined comment on the incident but police sources said police from the 51st Precinct were forced to use rubber bullets and teargas when the students ignored orders to move on and clear the avenue for the heavy traffic of home-going workers at that hour.

The students were forced back into the nearby school premises and the demonstrators claimed bullets were fired and teargas thrown into the campus which was occupied overnight by the students.

Suarez Lastra, who yesterday visited University Rector Oscar Shuberoff to discuss the issue, said he deeply regretted the incident and admitted the police would have been better advised to avoid such methods.

He said the commander of the operational forces had general guidelines on how to proceed in such cases but the final decision was up to him according to the circumstances.

Shuberoff described the police action as excessive and said he had asked Suarez Lastra to order an investigation into the repression of what he said was a peaceful protest demonstration.

ARGENTINA

STUDENTS RETURN TO CLASS AFTER CLASH WITH POLICE

PY192151 Buenos Aires Domestic Service in Spanish 1600 GMT 19 Nov 86

[Text] Classes resumed as normal in the Buenos Aires University [UBA] Mathematics School and at the mandatory courses building. The students of these schools yesterday clashed with the police while protesting in solidarity with the teachers claims for better salaries and a bigger education.

The Mathematics School, located inside the UBA campus, is back to normal today. A university teacher and student assembly is scheduled for 1400 today to analyze yesterday's incidents with the police and discuss possible measures to repudiate the police action yesterday.

Activities returned to normal in the mandatory courses building following the lifting last night of the peaceful occupation by students once it was known that four university students who were detained at the 14th Police Precinct had been released. Another teacher-student assembly will be held here at 2000 to analyze yesterday's incidents.

The students of these two schools as well as those of the UBA Philosophy and Literature School were confronted yesterday by the police when they blocked the traffic in front of their respective school buildings. The students were demanding a better education budget.

The UBA Philosophy and Literature School still remains peacefully occupied by students in repudiation of the police action yesterday in front of the school building at 1900 Marcelo T. de Alvear Street. Student representatives have reported that they will remain in the building until after the student-teacher concentration, which is scheduled for 1800 today in the Bernardo Hussein Square. During this meeting the two parties will decide whether to continue with the occupation or to resume lessons.

No lessons are being given at the Dentistry School today because of a teacher strike to repudiate yesterday's police repression, as expressed on the protest banners being displayed at the school.

Meanwhile, lessons are being taught as usual in the Pharmacy and Biochemistry School after the occupation of the building was lifted yesterday at 2200. A teacher, graduates, and non-academic workers assembly will be held here this

afternoon at 1700 when they will resolve what measures to adopt after yesterday's incidents. Five of the six people taken to the Juan N. Fernandez Hospital following yesterday's police action to disperse the demonstrations returned to their homes early this morning after receiving medical treatment.

The one person who remains hospitalized is Dentistry School Professor Roberto (Bain) who broke his ankle and will probably be operated on.

It must be clarified that the five students who were taken to this hospital suffered cuts and wounds to the scalp while one girl suffered a minor injury and had a rubber bullet extracted from her eye. [as heard]

Another 15 students with minor injuries treated at the Clinical Hospital of this capital.

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CSO: 3348/123

ARGENTINA

POLICE REPRESS STUDENT MARCH IN BUENOS AIRES

PY142042 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2355 GMT 13 Nov 86

[Text] Buenos Aires, 13 November (NA)--Using tear gas and rubber bullets, federal police today repressed a peaceful march of students from the School of Mathematics to the intersection of Pampa and Lugones Streets. The students were demanding salary hikes for professors, who are holding an indefinite stoppage, and a higher education budget.

During a press conference, Lucas Monzon, president of the School of Mathematics Association, reported that, although no students were injured, the police "opened fire" on the demonstrators, "violating university autonomy."

After learning about the incident, Constantino Ferro Frontan, assistant dean of the School of Mathematics, expressed "solidarity" with the students and then contacted University of Buenos Aires [UBA] Rector Oscar Shuberoff, who demanded explanations from Federal Police Chief Inspector General Juan Pirker.

In statements to the press, Monzon said that Pirker told Shuberoff that "no orders were given to repress" the students.

For their part, the students tonight decided to "peacefully occupy" the School of Mathematics and to call "an urgent meeting" of the UBA superior council for next Monday, which Shuberoff would attend.

Meanwhile, about 30 policemen tonight were placed on a state of alert at the intersection of Pampa Street and Lugones Avenue. They were supported by two tanks and a police van.

The disturbances began at 1700 when about 500 students, who were marching to demand salary hikes for the professors, were surrounded by two police vans and three police patrol cars about 300 meters from the School of Mathematics on the university campus.

Monzon moved away from the group of demonstrators and asked Inspector Sassiain of the 51st Police Precinct why they were preventing the protest. In response, the police officer said that they had "orders to repress."

Afterward, the students refused to leave the site and the police fired tear gas and rubber bullets to disperse them. Confusion followed.

According to eyewitnesses, [words indistinct] tear gas inside the School of Mathematics.

Shortly before 1800, the police withdrew and the students held a meeting "to repudiate the police action," and to report the event to the assistant dean although some students decided "to occupy" the university until tomorrow.

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CSO: 3348/123

CAPUTO VIEWS FALKLANDS ISSUE

PY280153 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1835 GMT 27 Nov 86

[Text] Buenos Aires, 27 November (NA)--Foreign Minister Dante Caputo today said that the government "is carefully considering" the possibility of applying the convention for the preservation of Antarctic sea resources to solve the fishing problem in the South Atlantic, which was recently aggravated by the unilateral British decision to extend the exclusive economic zone around the Malvinas Islands to 150 miles.

Caputo said that the convention proves for "a very interesting mechanism," but gave no further details on the possibility of its enforcement, which, according to press reports, might be sponsored by the United States.

Caputo explained that the convention "does not apply to the sea around the Malvinas islands" but to "waters totally outside the archipelago." He said that the convention was signed by "several Antarctic Treaty signatories," like Argentina and Great Britain.

When asked whether the convention could solve the situation caused by the unilateral British decision to extend the exclusive economic zone around the Malvinas, Caputo replied that the convention applies to waters approximately "900 miles away from the Malvinas Islands." He noted though, that "it is an interesting mechanism that we are considering very carefully."

According to press reports, the United States would like Argentina and Great Britain to apply the convention in order to find a legal solution to the fishing problem in that region.

Caputo also criticized "the minority groups" that maintain that Argentina should take sides with the United States, adding that "I would very much like those groups to present and debate their ideas before the Argentine people."

The minister said that the outcome of the vote at the United Nations was "excellent." In this regard, he made "some comments" on three topics.

The first comment refers to the situation at the international level, "in which we are working: I believe we have taken a major step in the difficult and complex task of recovering the Malvinas Islands."

He added that "as never before, Great Britain's intransigent position has been unveiled before the international community, which has sanctioned and punished this attitude with an exceptional vote that I want to emphasize."

Caputo remarked that "there are not too many polemic issues in which the position of a country can win by a 112-vote margin in the United Nations. I want to point out that this step is part of the Argentine Government policy, which advocates negotiations, but which is by no means passive. Our policy is always seeking to change the status quo."

He went on to say that "consequently, the Argentine delegation is very much satisfied with the outcome. We are sure this is the path we have to follow to recover the islands."

In a second comment, he outlined "a thought with a broader scope," saying that "our country, which is undergoing a process of consolidation of democracy, obviously has many controversial issues. I have been particularly pleased and I have had the honor of observing that the political parties have adopted a consensus and a unanimous position on this issue."

However, Caputo added: "I do not mean to say that there is agreement and consensus on our foreign policy. Our foreign policy is obviously a matter to be discussed, but when we are dealing with a national cause linked to the people's feelings, discussion becomes a side issue and all of us together struggle for the interests of Argentina, for the interests of our country." He explained that "this leads me to a third comment, which deals with the sharp contrast between this expression of the majority of the people and the expression of those minority groups that cannot even form a political party and that oppose our country's independent policy." He added that "during these days, the debate in Argentina has gone beyond the Malvinas issue; the point under discussion has been whether or not Argentina should be an independent country, no matter how incredible this might seem."

"Fortunately, we Argentines know very well what we want, because we have struggled for the consolidation of Argentine democracy since 1810," he stressed.

He remarked that "such minority groups claim that we had better take sides, that it is much better to rely on another country, as if this could automatically guarantee the development and tranquility of a nation."

Caputo added: "I believe that our foreign policy has categorically dismissed the claim by those minority groups. We Argentines are proud of being Argentines, we Argentines want to [words indistinct], despite groups that seek to distort the facts."

The foreign minister said: "I would very much like those groups to present and debate their ideas before the Argentine people, and to let everyone know what they advocate and what they want."

He added: "I will obviously be very pleased to engage in a public debate with them."

Caputo said: "We are planning to continue with our diplomatic efforts. Obviously, the basic idea underlying our government's foreign policy is to prevent our effort from becoming routine work."

He stated that "what the British most eagerly want is to see that this effort has become a routine. But we introduce changes every year and there are facts that attract international attention." He stressed "the international press coverage of the issue."

"There are votes at the United Nations every 2 or 3 days for practically 3 months, but they pass unnoticed. Yet the entire British press has stressed the outcome of this vote. The same thing happened in the U.S. and the European press," Caputo said.

[Passage indistinct] that this is the path, yet I will reiterate that to negotiate does not mean to remain passive or to relinquish something. It means boldness, it means difficulties, and at times turbulence. Yet it has been confirmed that turbulence, if properly handled, yields good results.

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CSO: 3348/120

NEW ANTISUBVERSIVE SQUAD GIVES DEMONSTRATION

PY201831 Buenos Aires LA PRENSA in Spanish 15 Nov 86 p 11

[Text] Interior Minister Antonio Troccoli, Under Secretary Facundo Suarez Lastra, members of the Federal Court of Appeals, and federal and trial judges were present yesterday morning at the premises of the Mounted Police Corps of the Federal Police, for the presentation of the Special Corps for Protection of Constitutional Order [Cuerpo Especial de Proteccion al Orden Constitucional --CEPOC], which has been created by the government. This special corps was presented to the media for the first time.

At the barracks at Figueroa Alcorta Avenue, the officials and judges were welcomed by Inspector Generals Juan Angel Pirker, Norberto Alejandro Brotto, and Osvaldo Salvador Lopez, commander, deputy commander and metropolitan security chief of the Federal Police, respectively.

The visiting officials inspected the special force, which displayed a wide array of sophisticated arms and equipment, various types of troop transport, tactical frogmen, trained dogs, light tanks, and heavy armored cars.

Later a high-ranking officer spoke in the Mounted Police Corps auditorium where the arms and ammunition were on display. The officer spoke about the relationship between CEPOC and the judicial branch, stressing that the CEPOC personnel are trained to act in times of crisis, such as the occupation of embassies or public buildings, and to help liberate hostages. He explained that the CEPOC will act in close cooperation with the Interior Ministry, the corresponding judges, or the Foreign Ministry in cases involving embassies.

The officer emphasized that CEPOC has the special task of preventing crime, and ensuring constitutional rights and guarantees. He added that the professional training of the personnel involved in this risky task is a challenge for the Federal Police. CEPOC's main task will be to protect Argentine and foreign property and lives, particularly against subversive attacks. The officials later went out to the parade ground, where they were seated in a special box in front of a building displaying a banner which read "Occupied Embassy," and witnessed the CEPOC in action.

The demonstration started with a patrol car noticing an irregular situation at the embassy. The patrol car sounded the alert, CEPOC forces arrived,

communication with ministers and judges was established, and the final assault on the embassy was ordered by the acting judge.

Numerous journalists, officials and judges watched for some 20 minutes while troops were lowered onto rooftops from helicopters. They also saw the surrounding of the embassy, which was presumed to be occupied by subversives, the deployment of snipers on adjacent buildings using ropes and pulley wheels, the use of dogs which disarmed a presumed "subversive," and a final and violent shootout with modern weapons using blanks.

Finally, the bomb squad "checked" the building and the special commandos brought out a dozen disarmed "subversives" with their faces covered.

Minister Troccoli, Suarez Lastra and the judges (Arslanian and Ledesma) attentively watched the police operation and then expressed their congratulations.

/12232

CSO: 3348/120

PLAN CALLS FOR TRANSFER OF AIR BASES TO EZEIZA

PY040129 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1805 GMT 3 Dec 86

[Text] Buenos Aires, 3 December (NA)--It has been learned that the Executive Branch has received a draft bill which proposes the transfer of the Moron, Jose C. Paz, and Palomar Air Bases to a site in Ezeiza. This operation falls within the overall framework of the plan to restructure the armed forces.

The draft bill and preliminary studies state that the land on which the air bases are currently located will be sold, and that it is estimated that this sale will make approximately 600 million Australes.

It has been estimated that 140 million Australes will be spent in transferring the air bases to Ezeiza and that the air bases will use the runways of the Ezeiza International Airport.

Therefore, the four air brigades that operate from Moron, Merlo, Jose C. Paz and El Palomar will all be concentrated near the Ezeiza International Airport.

According to sources, the armed forces' plan for modernizing and restructuring calls for the concentration of operational forces, however, this "does not affect the country's strategic-military plans in any way whatsoever."

The same source added that "combat, and combat support planes will continue to cover their present areas." He stated that the volume of traffic at the Ezeiza Airport is lower than that of other air terminals because it is not a transit airport; something which facilitates the operation of military planes.

The source also said that the plan calls for the construction of new runways, but some of the Ezeiza runways will also be used. It added that the same control tower will reportedly be used, because it will be able to "fully" carry out its civilian and military duties."

A reliable source told NOTICIAS ARGENTINAS that "the project, the studies and the costs are ready. Now it is up to the Executive Branch to make the final decision."

The source categorically rejected the possibility of dissolving the naval air force, and added that the naval air force "serves" a very clear purpose and I do not see how it could be eliminated."

The source said that the rumors which circulated last week may have been based on a study that was made on the convenience of deactivating a naval air force squadron, but he said that no decision has yet been made in this regard.

Regarding restructuring the armed forces the source reasserted that the government is considering the possibility of dissolving those military schools that provide high school education in several provinces throughout the country, and that all this falls within the "reorganization" plans to integrate the military into the present democratic stage."

The plan to dissolve the military schools was disclosed last week when a high-ranking Defense Ministry source admitted that the Defense Ministry was considering the possibility, and that there are also plans to request the opinion of the Teachers' Congress.

Regarding the sale of some property within the Campo de Mayo garrison, the source reasserted that "this is an idea" but that no final decision has yet been made.

The source said that the plan calls for all army schools to remain at Campo de Mayo and for the land that is presently used by those units that will be transferred to other parts of the country within the framework of the armed forces' plan, to be sold.

The profit obtained from these eventual sales will help to increase the military budget and improve the armed forces' operational capacity.

The source added that the number of military bands "will be reduced from 36 to 27 and the personnel involved will join the remaining bands.

Some of those who oppose this plan state that the reduction of the number [of] the military bands "is not in keeping with" the government objective of integrating armed forces members into civilian life.

The sources noted that "the military bands are one of the most effective integration elements, since they are constantly being called upon by civilian institutions for ceremonies."

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CSO: 3348/120

DEFENSE SECRETARY DENIES DECLARATIONS OF AMNESTY

PY252348 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1031 GMT 24 Nov 86

[Excerpt] Buenos Aires, 24 November (NA)--Defense Secretary Alfredo Mosso today stated that "surely by next week" the defense and justice secretariats will jointly submit to President Raul Alfonsin the draft law establishing the time frame and the scope of the responsibilities for the prosecution of officers charged with human rights violations. This will not, however, imply "a curtailment of the courts activities or the enforcement of amnesty because the sentences that have been issued by the courts will not be changed."

Mosso admitted that "there is concern and unrest within the armed forces because armed forces personnel may be summoned by the courts. However, the issuance of this bill will bring "peace of mind" to military personnel.

In a statement to NOTICIAS ARGENTINAS Mosso said that "the declaration of amnesty has not been discussed" during the drafting of this draft bill. Mosso also said that before submitting the draft bill to congress, political party representatives will be informed about it so that "they make their own contributions" to the bill.

Regarding the statement made by General Ernesto Lopez Meyer, retired, a member of the Military Officers Center for Argentine Democracy (CEMIDA) who spoke about the "impending" possibility of a coup d'etat, Mosso expressed his "surprise" because he said this "alternative exists only in the imagination of a few. It is the wish of some delirious minds, but it is not the opinion of the vast majority of Argentines."

Mosso said that "the Executive Branch is not thinking of declaring amnesty or of declaring a full stop. It is rather thinking of shortening the time frame and the scope of the responsibilities for the prosecution and questioning of officers charged with human right violations that were perpetrated in the struggle that took place between 1976 and 1983."

Mosso added that the Executive Branch believes that "the scope of military trials must be established so as not to create an atmosphere of uncertainty or lack of legal stability among those who in the future may be summoned to testify in court or before the armed forces supreme council."

Mosso reasserted that "the declaration of amnesty was not discussed. However, we do not want to indefinitely extend the trial of those allegedly responsible for human right violations. This is why the Executive Branch is establishing the time frame and the scope of the responsibilities for the prosecution of officers charged with human right violations.

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CSO: 3348/120

BRIEFS

PLANE FACTORY VENTURE VIEWED--Cordoba, 19 November (TELAM)--Cordoba War Materiel Area (AMEC) Chief Brigadier Roberto Jose Engroba has announced that the Air Force Airplane Factory (FMA), headquartered in this province, and the Dornier Factory in the FRG are reviewing the possibility of marketing in Europe the advanced training airplane IA-63 "Pampa," which is being manufactured here. The two factories will very soon decide which model is better suited for that market. Referring to a visit Dornier President Johan Schaeffer made yesterday to Cordoba, Engroba said that talks were held on the concrete and immediate possibilities of selling the Argentine-made airplane abroad, especially in Europe. The AMEC chief stressed that we have seen that there is a strong demand in the world for this type of airplane, and there are four or five models that are competitive, adding that the prospects of the "Pampa" are excellent. In statements to the La Voz del Interior [radio station], Engroba announced that a joint venture for the production and marketing of planes will be established between the two companies. Engroba said that the initial negotiations were conducted by Schaeffer during meetings held last Monday in Buenos Aires with Air Force Chief of Staff Brigadier Ernesto Crespo and Air Force War Materiel Commander Brigadier Oscar Corradetti. [Text] [Buenos Aires TELAM in Spanish 1647 GMT 19 Nov 86 PY] /12232

ALFONSIN SATISFIED WITH UN VOTE--Buenos Aires, 25 November (NA)--The Argentine Government House has reported that President Raul Alfonsin this afternoon voiced his deep satisfaction "over the successful efforts of Foreign Minister" Dante Caputo at the United Nations and that he had immediately called him in New York to "congratulate him." Argentine Secretary for International Relations Jorge Sabato telephoned Alfonsin to report on the results of the vote. Sabato has been permanently in touch with the Argentine mission in New York. Presidential Spokesman Jose Ignacio Lopez reported on Alfonsin's reaction adding that the chief executive "is very happy, very satisfied with Foreign Minister Caputo's successful efforts." Lopez said: "As soon as he heard the results of the voting, he called Caputo by phone to congratulate him. Jorge Sabato called the president from the Foreign Ministry to tell him about the result of the voting." [Text] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2040 GMT 25 Nov 86 PY] /12232

FAVA BLASTS STRATEGY ON FALKLANDS--Buenos Aires, 25 November (NA)--Argentine Communist Party [PCA] Secretary General Athos Fava has denounced the strategy of Argentine diplomacy, which today obtained a majority of votes at the United

Nations on the Malvinas Islands issue, and asked that any negotiation with Great Britain be conducted on the basis of considering Great Britain "a colonialist power" in the South Atlantic. Fava described as "worn out" the policy pursued by the Argentine Foreign Ministry, and said that "in no way is it essential to get one vote more or less at the United Nations but rather it is essential "to return to the terms contained in resolution 31/60," which was passed by that forum in 1973. In comments to NOTICIAS ARGENTINAS, Fava said: "In that resolution the United Kingdom was specifically condemned as a war-mongering and colonialist country and the Argentine Government should use all peaceful and diplomatic measures to recover the islands." The PCA leader stressed that the goal "must be to achieve the dismantling of the military base in the Malvinas Islands, which is of geostrategic importance, along with Easter Island for the imperialist Star Wars program." "It must be demanded that the sea rights in the South Atlantic zone, which have been violated by the British, be respected," Fava concluded. [Text] [Buenos Aires NOTICIAS ARGENTINAS in spanish 2305 GMT 25 Nov 86 PY] /12232

OPINION POLL ON FALKLANDS--Buenos Aires, 26 November (EFE)--Today in Buenos Aires a private poll revealed that 86 percent of the Argentine people oppose war-like actions to overcome the conflict with Great Britain over the sovereignty of the Malvinas Islands. The poll, which was published in the Buenos Aires weekly magazine SOMOS, indicates that 85 percent of the people "explicitly reject" the 200-mile economic exclusion zone around the archipelago which was declared by Great Britain on 29 October. The poll, which was carried out in Buenos Aires and neighboring towns where approximately 15 million Argentines live, indicates that 63 percent of the people prefer diplomatic channels for resolving the conflict, while 23 percent want "firm negotiations without resorting to weapons." In 1982 Argentina and Great Britain went to war for 74 days over the possession of the Malvinas, which are located in the South Atlantic, 450 miles east of the Argentine coast. The islands have been in the hands of the British since 1833. [Text] [Madrid EFE in spanish 0436 GMT 27 Nov 86] /12232

RAJNERI: FALKLANDS ARE BRITISH--Peronist leader Juan Labake yesterday took Education Minister Julio Rajneri to task for an editorial published in his newspaper RIO NEGRO of General Roca, of which former HERALD editor James Neilson is the editor, which said the Malvinas Islands were British. The editorial said Britain had exercised sovereignty over the islands for 153 years while Spain held them precariously for 4 decades and Argentina "in a very uncertain manner" for 4 years. In a paid advertisement published in the daily CRONICA, Labake said a "minister who thinks like that should not last another single day in his job" and demanded that Rajneri resign immediately. [Text] [Buenos Aires BUENOS AIRES HERALD in English 19 Nov 86 p 11 PY] /12232

JAUNARENA ON ARMED FORCES--(NA-DYN)--The Defence Ministry is studying the possibility of numerically boosting the armed forces next year as a result of Great Britain's extension of the fisheries conservation zone surrounding the Malvinas Islands. Defence Minister Horacio Jaunarena confirmed yesterday. Meanwhile the Latin-American Parliament Executive Board, presided by Senator Luis Leon (Radical-Chaco), said that "Great Britain's pretended rights over an exclusive economic exploitation zone around the Malvinas Islands are a new aggression against the Latin American people and their possibility to co-exist in freedom." Finally, Radical Senator Faustino Mazzuco (Rio Negro) forecast yesterday that the government will send Argentina's fishing agreements with the Soviet Union and Bulgaria to congress in the next few days. According to the senator, the government is aiming at their swift approval so that the signatory countries "can fish" in the conservation zone established by Great Britain. [Text]
[Buenos Aires BUENOS AIRES HERALD in English 4 Dec 86 PY] /12232

CSO: 3300/4

PLANS FOR FUTURE TANK MODERNIZATION DISCUSSED

Rio de Janeiro O GLOBO in Portuguese 8 Sep 86 p 15

/Article by Pedro Paulo de Resende/

/Text/ Brasilia--The Brazilian war industry is preparing for the 21st century. In addition to equipment already on hand, and which undoubtedly will no longer be fully operative by the year 2000, a new line of products is beginning to emerge from the drawing boards and computer charts of companies such as Engesa, Bernardini, Avibras, Motopecas, Britanite, Engepron, Verolme, Imbel and Embraer.

In keeping with this new line, priority is being given to advanced research on missiles and nuclear submarines, indicating that Brazil is beginning to make considerable progress in the climb toward the highest level of international military technology.

The technical centers of the Armed Forces, in turn, are conducting extensive studies not only with regard to the war industry but also with respect to purely civilian applications such as the manufacture of silicon oxide for optic fibers and the project involving fusion-type atomic reactors which continue to function after exhausting their fuel supply.

These projects will have a profound effect on Brazilian society in the future, since the war industry is opening up new technical avenues to be followed by the electronics industry in general. Some of the equipment under study will be examined here and others, such as the Osorio and Mallet, are already prepared to meet the export challenge.

Brazil is already beginning to distinguish itself throughout the world as a manufacturer of combat vehicles--the popular war tanks--and armored vehicles in general. Orders placed by three Middle-East countries testify that the Osorio, produced by Engesa, may soon be a champion on the international market.

The Mallet AS-90, produced jointly with British industry, is another indication of the firm tradition which has already become established in this sector based on vehicles such as the Jararaca, Cascavel and Urutu, supplied by Engesa which, despite certain difficulties encountered, has sold more than 3,000 units in 10 countries.

The new generation will have to cope with stiffer competition when hard times affect Brazilian industry. Therefore, steps have been taken to design vehicles which are more competitive, sophisticated and powerful.

There is no doubt that the Osorio is the prima donna among all Brazilian military equipment. It is capable of destroying enemy tanks while moving at a speed of 50 km per hour on rough terrain. It is also equipped with highly precise sensing devices capable, for example, of detecting enemy laser-beam emissions--which serve to measure shooting distances--giving the crew advanced warning so necessary under combat conditions.

Through this advanced warning the tank commander can direct the shot against the most dangerous enemy or emit a smoke screen capable of eluding the enemy's sensing devices. With regard to offensive weapons, the Osorio can carry a gun having a caliber of 105 or 120 mm--that is, with a bore of those dimensions. A shell fired from these guns can penetrate a concrete wall almost half a meter thick.

Another Brazilian armored vehicle which will be operational in the 21st century is the Sucuri II, the newest among all existing innovations on the international market. It is equipped with a 135-mm gun, has a crew of four men, moves on the highway at speeds up to 110 km per hour and weighs about 17 tons. On rough terrain its hydropneumatic suspension, the most advanced available, makes it possible to achieve speeds up to 50 km per hour.

Engesa expects to use the Sucuri to replace the Cascavel line which is approaching the end of its useful life.

The Ogun, in turn, is a lighter vehicle, weighing only 6 tons. It is designed for aerotransportational operations, capable of being dropped by parachute and serving as transport and combat vehicle for parachutists.

Equipped with caterpillar treads--endless belts similar to those used on tractors--the Ogun can travel at speeds up to 50 km per hour. Its weaponry includes a choice of heavy and medium mortars (120 and 81 mm), 20-mm guns and machine guns. It can also carry antitank missiles and six troops in its rear section.

When used for mortar fire, the Ogun is equipped with an electric arm which elevates the mortar to obtain the correct firing range after which the recoil mechanism is retracted to the interior of the vehicle.

A new line of combat vehicles is beginning to emerge from the Motopecas plant. It is the Charrua, a vehicle used in infantry combat. In an emergency it can carry a total of 23 fully-equipped troops. Normally it carries 18 troops, including the driver and the vehicle's commander who operates a machine gun (optionally a 20-mm gun) located at the top of the vehicle.

The vehicle used in infantry combat is not just a taxi or bus used in combat. It enables the troops housed inside the vehicle to shoot through embrasures located at the two sides and rear of the vehicle. Using this extremely robust

chassis, Motopecas intends to create an entirely new line which will include carriages capable of carrying antiaerial missiles, 90-mm antitank guns (in addition to 10 troops) as well as 155-mm guns and the so-called self-activated gun located at the rear of the vehicle and intermittently fired to prevent the advance of enemy troops.

In the sphere of self-activated guns, the most important innovation is the Brazilian-designed AS-90 Mallet, produced jointly by Verolme and Vickers Shipbuilding. Equipped with a 155-mm FH-70, an artillery piece standardized by NATO, the Mallet can strike targets at a distance of 32 km. On the highway its 636-hp motor makes it possible to achieve speeds up to 70 km per hour. The English, American, Italian and German armies are now considering the possibility of adopting the Mallet to replace their own domestic equipment.

Lastly, it would be well to speak of the latest version of the Tamoio put out by Bernardini. It will be equipped with a more powerful motor--the same as the Mallet--armor plating capable of deflecting 105-mm shot and new view finders capable of functioning in the dark. It will have hydropneumatic suspension and a 105-mm gun of British design, one of the best artillery pieces now on the market.

Submarines of totally Brazilian design will be launched in 1999. They will be of the 2,000-ton Nac-I class, designed with the aid of the German engineering firm, Ingenifer Kontor Lubeck, which sent 20 of its engineers to work jointly with Brazilian specialists of the Naval Engineering Directorate.

These vessels will have six torpedo tubes located at the prow, a length of about 60 meters and, in an emergency for a short period of time, the capability of developing underwater speeds up to 25 knots--about 44 km per hour.

Moreover, another design is now in the development stage--the Nac-II--a more sophisticated vessel now under study at the Verolme shipyard in Angra dos Reis.

It is a bigger vessel than the IKL-2,000/Nac-I and is to serve as a prototype of the Brazilian nuclear submarine which will be in operation by the year 2000. Its displacement will be 2,800 tons and it will be armed with six torpedo tubes located at the middle of the hull just below the control station. As a result, the prow of the vessel is free to accommodate an immense sonar arrangement capable of detecting underwater movements at distances of 40 km.

In addition, the design of the hull makes it possible to have two bridges along the entire length of the vessel--a sort of two-storey submarine--providing more room for torpedo storage and more comfort for the crew.

The nuclear submarine, in turn, will have a displacement of 3,400 tons and will be capable of underwater speeds up to 60 km per hour. Its submersion time will be limited only by the weariness of the crew. A traditional vessel like the Nac-I and Nac-II can remain submerged for 72 hours maximum without resurfacing to recharge its batteries.

Leo, Improved, Bill--New Antitank Missile Names

The production of antitank missiles is scheduled to begin next year. The Army is now studying proposals submitted by Engesa, Embraer, Bernardini, Avibras, CBV and Britanite.

The Engesa missile, already given the informal name of Leo, is capable of hitting a combat vehicle at a distance of 2,000 meters. It travels within a laser beam and remains pinpointed on the target; it can destroy a wall almost 1 meter wide.

The Embraer model, not yet given an informal name, has infrared equipment instead of the laser-beam sensors; its infrared equipment enables it to detect a group of enemy vehicles. Guidance is achieved through a wiring device which transmits the information obtained by the gunner's sensors.

The equipment offered by the other firms is similar to the missile proposed by Embraer. Bernardini would like to nationalize the "Improved-TOW" of Hughes Americana, one of the most thoroughly tested units on the market. CBV proposes the "Bill," an extremely precise weapon designed by the Swedish firm, Bofors, and already exported to more than five countries.

There is little information on the equipment proposed by Avibras and Britanite, except that it will be of French and English technology respectively.

Antitank missiles are used by the infantry from protected and camouflaged positions. Presently, in addition to the superpowers, only Israel, Egypt and Japan produce this type of equipment which, in the 1972 war between Egypt and Israel, almost repelled the Israeli advance over the Sinai Peninsula.

Ten Programs Involved in Research on Antiaerial Missile

The search for a Brazilian antiaerial missile is being pursued by the research centers of the three branches of the Armed Forces and by private initiative. There are 10 programs currently underway on this project.

The Navy and Air Force are conducting separate studies on two area-defense missiles capable of covering distances up to 100 km in a straight line. The Air Force program, based on the Probe II research rocket, is more advanced and a few experimental launchings may take place as early as next year.

The Navy's program is still in the preliminary stage. It is also based on the technology obtained from Probe II but is adding a number of sensors capable of absorbing the movement of the ship and transmitting the necessary corrections to the guidance control of the launching device.

These two pieces of equipment would go into action after the target is detected and pinpointed by internal radars and the position fixed in relation to the area of launching.

With regard to the medium-range category, the Army and Air Force are working on two parallel programs: the solar missile and the antiaerial "piranha."

The solar is basically a nationalized French-German "roland." It can hit targets at distances up to 8 km and also uses radar in its guidance system.

The antiaerial piranha, presently being developed by Engesa, is attracted by the heat of the enemy aircraft. It is a version of the piranha missile used by the Brazilian Air Force in close combat and will be in use within a year. The only difference is the use of one more stage at the rear of the piranha whereby it achieves its initial acceleration and overcomes terrestrial gravity. Its anticipated range is 6 km.

In addition to these programs, CBV, Biee Britanite and Avibras are working on antiaerial missiles for the infantry, capable of being launched from a troop's shoulder.

The Britanite and Avibras models are similar to the English "blowpipe" which destroyed both British and Argentine planes in the Falkland Islands war, since the blowpipe was used by both opposing forces. It is capable of striking a helicopter at a distance of 3,000 meters and, like the piranha, is equipped with an infrared sensor sensitive to heat.

Military Parade Enhances Image of Brazilian War Technology

Brasilia--The Brazilian war industry was the big star in the 7 September parade in Brasilia. President Jose Sarney and the military ministers, standing beside other authorities and two military attaches, viewed products not yet available to the reduced--and increasingly scanty--budget of the Armed Forces.

Military equipment produced by Engesa, Bernardini, Motopecas and Avibras passed by one after the other. Division General Mario Orlando Ribeiro Sampaio, Planalto's military commander, opened and marshaled the parade aboard an Osorio combat vehicle, furnished and manned by Engesa.

The Air Force was not to be outdone. A total of 77 craft took part in the aerial exhibition. Of this total 58 were of national manufacture, including the AMX, a modern pursuit bomber developed jointly with Italy, which made its debut, outside of the restricted showings in Embraer, in Sao Jose dos Campos.

This demonstration of Brazil's capability in terms of the war industry showed that the Armed Forces had converted the 7 September into a showcase of national military products.

In addition to the Osorio which remained in front of the presidential box during the entire parade, one saw the Tamoio combat vehicle and the Xingu vehicles--diesel jeeps--made by Bernardini. There was also a complete battery of "stars" by Avibras, including a firing-guide vehicle (which is responsible for overseeing the terrain through radar), a remunitioning vehicle and a firing unit. Motopecas displayed armored vehicles, including an American troop-transport vehicle modernized in Brazil, the M-113 B, and the Charrua, an infantry armored transport vehicle totally designed in Brazil.

CONTRACT SIGNED TO EXPLOIT GOIAS NIOBIUM RESERVES

Sao Paulo GAZETA MERCANTIL in Portuguese 6-8 Sep 86 p 16

/Article by Sergio Donilo/

/Text/ Rio de Janeiro--On 25 September Prometal Produtos Metalurgicos and Goiasfertil will sign a contract for the exploitation of the rich reserves of Catalao niobium (GO) owned by the latter firm and belonging to Goias State. According to Jose Teodoro Capachi, director of Prometal, his firm established Goias Niobio last year and will be investing \$10 million to help set up a project involving the production of niobium-alloy iron, paying Goiasfertil an annual royalty of 5 percent on the value of the sales. Goias Niobio will have a 75-percent share in the Prometal group, 10 percent in the Paulo Abib engineering and mineral-technology firm and 15 percent in Metais de Goias S.A. (Metago). The project is scheduled for completion at the end of 1988.

Niobium iron is the most important industrialized product of that mineral, being used directly by the steel industry in the ratio of 400 grams per ton of steel. Goias Niobio will produce 1,000 tons of niobium iron annually, each year's production requiring 200,000 tons of ore. The company will not produce niobium oxide or metallic niobium inasmuch as these two products are now being produced by a competitive firm (CBMM) and inasmuch as this would make the initiative economically and technically unfeasible.

Reserves

Brazilian niobium reserves are the most extensive in the world, according to Capachi: about 90 percent of the world's total supply. About 96 percent of Brazil's reserves is found at Tapira and Araxa (MG) and the remainder at Catalao and Ouvidor (GO). The Goiasfertil reserves in Catalao are estimated at 16 million tons of which 4 million tons of ore are exploitable.

Prometal Carajas

By 1989 the Prometal Carajas S.A. branch of Prometal at the Maraba iron-alloy center is expected to achieve the following annual production: 32,000 tons of high-carbon manganese iron, 40,000 tons of silicon-manganese iron and 12,000 tons of low-carbon iron. The national group will be investing \$42 million in

the Carajas production project. The company is now engaged in the preliminary phase: the topographical survey and the location of sources of water supply. Prometal Carajas is a subsidiary of the Prometal S.A. group which produces as much as 38,000 tons per year of iron alloy with a total billing of \$15 million.

8568

CS0: 3342/11

CFP PRESIDENT FORECASTS RECORD WHEAT CROP

Sao Paulo GAZETA MERCANTIL in Portuguese 6-8 Sep 86 p 18

/Article by Ivanir Jose Bortot/

/Text/ Brasilia--Brazil will be harvesting its biggest wheat crop this year: 5.1 million tons. Production was 19 percent above the previous crop when the country harvested 4.3 million tons. The record production is due to an increase in the area planted: from 2,614,000 hectares to 3,823,000 hectares. These figures were released by Ignacio Mammanna, president of Production Finance Company (CFP). Despite the significant increase (46 percent) in the area planted, the productivity achieved this year was 1,349 kg per hectare or 18 percent less than the 1,654 kg-per-hectare level achieved last year. "The climatic conditions which prevailed throughout the year were not favorable to farming," Ignacio Mammanna reasons.

The drought experienced throughout the country's southern area last year seriously interfered with summer crop production. "The alternative for many farmers who lost on the planting of soybeans and corn was the cultivation of winter crops, especially wheat," a CFP expert told our newspaper.

It was in the three southern states that the greatest increase in planted area occurred. Parana alone increased its planted area about 52 percent in relation to the country's total planted area. Parana's production is estimated at about 2.917 million tons. Then comes Rio Grande do Sul with an increase in planted area of 25 percent. Rio Grande do Sul's wheat production is considered to be about 1.330 million tons. Santa Catarina, which customarily planted an area of less than 35,000 hectares, jumped to 90,000 hectares in the current harvest.

It was also Parana which chalked up the biggest decline in productivity. In the 1984-85 harvest the average productivity was 2,090 kg per hectare. In the current harvest productivity dropped to 1,500 kg per hectare.

Despite the fact that its production remained at 22,000 tons, Minas Gerais recorded a 5-percent increase in productivity, rising from 2,357 kg per hectare to 2,490 kg per hectare.

8568

CSO: 3342/11

CHILE

US \$18 MILLION TRADE SURPLUS INCREASE

Santiago EL MERCURIO in Spanish 8 Nov 86 p B-20

[Text] Chile's exports declined 15.9 percent in September 1986 in relation to August, but Chile's balance of trade in September remained favorable.

This information is contained in the report the Central Bank released yesterday. It says that sales abroad amounted to US \$296.1 million, while imports were US \$277.9 million.

The bank reported that an analysis of trade data indicates that all sectors were affected by this decline in exports. In mining products, the decline was 17.8 percent; in agricultural and seafood products, it was 9.8 percent; and in industrial goods, there was a 14.5 percent decline.

The Central Bank reported that the behavior of exports in September may be to some extent explained by reduced activity during that month, as there are fewer working days in September.

If the behavior of exports in September 1985 is examined, the Central Bank added, a similar phenomenon can be seen that year—a decline in exports in all exporting sectors, with fewer working days in the month.

Imports, according to the official report, maintained a level similar to imports in August.

So, while the year's total exports [to date] come to US \$3.1368 billion--11.8 percent higher than in the same period of 1985--imports amount to US \$2.2579 billion, a 2.7 percent rise.

The increase in exports is attributable to larger sales of mining products (up 4.6 percent), agricultural and seafood products (up 23.3 percent), and industrial goods (an 18.1 percent increase).

The increase in imports is due primarily to larger purchases of capital goods (up 16.3 percent), since semi-finished products stayed at practically the same levels, and imports of consumer goods were down 2.4 percent.

7679

CSO: 3348/111

CALDERON CLAIMS PINOCHET ATTACK HALTED EXILE INITIATIVE

Santiago TERCERA DE LA HORA in Spanish 7 Nov 86 p 5

[Text] The Chilean government has recognized that the report on human rights presented at the United Nations by the special reporter, Fernando Volio Jimenez, is "more thoughtful and balanced," but this does not mean that there is "satisfaction" about the contents of the report.

Special adviser to the ministry of foreign relations, Ambassador Mario Calderon, said that the foreign ministry is not "fully satisfied, so we are not going to describe it as an excellent report."

"We do recognize, though, that a serious effort was made to be more thoughtful, more balanced. I believe this speaks well for the person of the reporter, and proves what I have always said: I believe he is a person who tries to be objective."

Calderon said the second report is 55 percent more favorable to Chile than the earlier report, so it should produce a better effect on the U.N. General Assembly than the previous report did.

Among the report's negative aspects, the ambassador mentioned what Volio says about the situation in Chile, "that it continues to be disturbing because of the very dangerous wave of violence. Objectively, this is true. He says that there are excesses in repression, and that no advances have been made on the exile issue. But he wrote this in early September, so the report does not include the latest things which have happened in this area."

For example, the report does not speak of the 200 cases which have been approved, or of the 200 others which have been sent to the Advisory Commission. It is probable that he will mention these cases now, when the report is presented.

What Was Going to Happen

On this point, Calderon revealed that in his 11 September speech, the president was going to announce a practically complete solution for the exile problem.

"Everyone knows why this announcement was delayed; but the intention of settling this existed long before the whole problem could be brought up in international forums."

"He was going to release a fairly extensive list of over 1,000 people whose applications to return to Chile had been approved."

"At the same time, an announcement was going to be made of an acceleration of the procedure for the other cases, to expedite it. This is still pending now. It was halted, but it has now started to move again in a more gradual fashion, for security reasons, because what happened in September (the attack on the president) was quite serious."

Positive Aspects

The special adviser pointed out some positive aspects of the Volio report, citing in particular the cooperation lent by the Chilean government.

"The reporter points out that this cooperation has increased satisfactorily on the part of the government, and he also mentions the fact that the government is taking his proposals and recommendations into consideration."

"The reporter hopes that the positive steps which have already been taken will be followed by other even more positive actions. He maintains his position that the Political Constitution and the schedule established are the course the country should follow to work out its problems. He does ask that the procedure be accelerated."

"On the subject of terrorism, he fully recognizes all the claims the government has made, and says that the fundamental objective of the terrorist escalation is to prevent the process of reestablishing democracy in Chile, and that from some apparently reliable sources which he (Volio) has, he thinks that this is an even more serious problem than what the government has been saying."

Calderon cited as another positive aspect the appeal which Volio makes to all Chileans, without exception, to join forces around the government in order to combat extremist terrorism.

"He also appeals to the government, urging that in its repression of terrorism it should not engage in blameable excesses. He says that all radical and extreme groups should be repressed with equal force, no matter what their origin, and he does not hold the government liable."

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CSO: 3348/111

UDI SECRETARY GENERAL CLAIMS DEMOCRATIC OPPOSITION HAS NOTHING TO OFFER

Santiago EL MERCURIO in Spanish 9 Nov 86 p C-3

[Text] "Only a civic force which can bring together the supporters of a free society, while maintaining independence from the government, will be able to act effectively in the presidential succession of 1989. This is particularly essential as we find that the democratic opposition has nothing constructive and no real content to offer the nation, and that it only persists in discussing irrelevant issues in incomprehensible language."

This assessment was made by the UDI [Independent Democratic Union], which is making an analysis of the current political situation. The text of the document issued by the UDI's secretary general, Jaime Guzman, states:

1. The finding of arsenals of weapons secretly smuggled into Chile by the Communist Party, and its subsequent attempt to assassinate the president of Chile have revealed the true dimensions of the marxist-leninist design of dragging Chile into the guerrilla stage of terrorism, by promoting chaos by means of a bloodbath. The proven Soviet-Cuban involvement in these plans illustrates their true gravity.
2. In this situation, the democratic opposition has perceived the need to review its ongoing coexistence with communism, in which it has invariably been used by the communists for their own totalitarian and violent ends. Unfortunately, though, the opposition's review process has not been sending out any favorable signals; rather, it seems to be confirming that those sectors are motivated by the needs of their national and international image, rather than from any deep convictions.

In fact, the nation is now witnessing the depressing spectacle of a democratic opposition which discusses irrelevant things in incomprehensible language. This could even be somewhat entertaining, if what it means for Chile were not so serious. Their multiple superimposed and heterogeneous alliances, which they are now calling "relations" (National Accord, Group of 13, Democratic Alliance) form a jumble that can only be understood by the participants in this tangle, but they are of no interest to general public opinion. Obviously, these groups' discussions about which "relation"

should be "favored" (another trendy term) come close to a sort of black humor. To round out the picture, various parties involved in these "relations" are making use of this to periodically inform the citizens about the internal divisions and personal failings which have been multiplying inside these groups.

3. With a democratic opposition which only operates on a stage or in highly artificial settings, but which has nothing constructive and no real content to offer the nation, it is essential that Chile not fall into the illusory apathy of an apparent political calm.

There are very broad groups of citizens who want to see the general outlines of the modernizing and institutionalization endeavors which began in 1973, within a future impersonal democratic regime, one that will be efficient and stable, and which will be fully operating within the constitutional deadlines of 1989 and 1990.

The concern that this is now being endangered both by the government's failings or omissions and also by the inertia of the traditional political parties is also equally widespread. Proposing concrete ways of realistically overcoming such obstacles is today's patriotic duty, and the UDI has made its contribution to this effort with its recent document outlining its program, entitled "Chile, Now."

4. To effectively promote these and similar ideas which a number of likeminded groups have proposed, it is essential to create a civic force which can bring together all the supporters of a totally free society, while maintaining its independence from the government. No Chilean who shares these ideals can keep on making up excuses for a convenient and apathetic individualism which keeps him sitting on the sidelines instead of being a participant in our historic course of action.

Only such a civic force will be capable of acting effectively in determining the person and program that will have to interpret the ideal of a free society in the presidential succession of 1989 and in the parliamentary elections which will follow thereafter. No one with a true civic spirit can keep on evading his responsibility to take on this challenge, and the time to start is now.

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CSO: 3348/111

CHILEAN GOVERNMENT, OPPOSITION ATTEMPT TO DEFINE POSITIONS

Medellin EL COLOMBIANO in Spanish 18 Oct 86 p 12-A

[Text] Santiago. While the chief of state, Gen Augusto Pinochet, rejects a dialogue, feeling that the issues to be discussed have already been resolved by the 1980 Constitution, the Chilean opposition is insisting that talks with the government must begin in the near future.

The commanders-in-chief of the navy and air force said they favored talks with all non-marxist forces, but stated that talks of a political nature must be conducted with the government, not with the armed forces.

Gen Fernando Matthei, commander-in-chief of the air force and member of the government junta, said that political issues would not be included on the agenda of talks with the armed forces, as the armed forces are not a "deliberative body."

Former foreign minister Gabriel Valdes, president of the Christian Democratic Party, 20 days ago expressed his party's desire to initiate a dialogue with the commanders-in-chief of the armed forces, not in order to be brought into the government, he said, but rather "to seek ways of emerging from the crisis."

This proposal was immediately accepted by the commanders-in-chief.

In the meantime, General Pinochet asked the minister of the interior, Ricardo Garcia, to initiate contacts with all groups which have accepted the 1980 Constitution and which maintain the clear position of rejecting violence and terrorism.

In 1990

Just 2 days ago, General Pinochet indicated that the 1980 Constitution established "a mechanism for the transition."

"So you see," added General Pinochet, "without any need for a dialogue, [the constitution] provides the procedure to be followed to establish a government quickly, a government of a popular democratic character."

The opposition is calling for a change in the Constitution. It presently states that in 1989 the junta of commanders-in-chief will submit the name of the present chief of state's successor to a plebiscite. This successor will hold office until 1997. It is not impossible that the name proposed will be that of General Pinochet himself.

If the candidate for chief of state were rejected, elections for the presidency would be held in 1990.

"The Constitution is being followed, for the majority of the people approved it," said General Pinochet in his latest public speech last Wednesday, speaking in honor of the "glories of the army" at La Union Club in Santiago.

The opposition, though, remains optimistic about the opening of talks, reported Rene Abeliux, acting president of Democratic Alliance, a coalition of non-marxist parties.

Abeliux indicated that "there are always preliminaries before a dialogue, and we believe that we are now in that phase."

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CSO: 3348/111

GUERRILLA TRAINING CAMPS' EXISTENCE DISCLOSED; SEARCH IN PROGRESS

Santiago EL MERCURIO in Spanish 1 Nov 86 p 10

[Article by Nelson Salazar]

[Text] Valparaiso. There are two subversive guerrilla training centers in the Fifth Region. The security services are making an intensive search for these camps, both in the area of Vina del Mar and Villa Alemana, and in the Los Andes-San Felipe region, police sources revealed yesterday.

These training camps are named "Ana Maria Penailillo" and "Eduardo Diaz." These were the names of militant extremists who died several months ago while they were handling explosives in an underground hideout underneath a house in Villa Alemana. Both persons were severely burned while they were preparing explosives using aluminum powder. As a result of the spread of the fire and toxic gases, both persons died in the same hideout.

The existence of these guerrilla training bases was discovered in materials confiscated by members of the PAE [Special Actions Patrol] from the Vina del Mar prefecture during a search of the home of one of the extremists, located at Calle Echaurren 1179 in Limache. These materials included a banner from one of the guerrilla training schools.

End of the Trail

The "combing" operations conducted by security forces in the Limache and Olmue areas ended in the search for these two guerrilla training centers, and for the fleeing extremists who fired at police from the Third Police Headquarters in Limache.

All places in which subversives might have taken refuge or might have set up operations bases, including areas among the higher hills in the region, were checked.

The search in Quillota, Limache and Olmue came to an end, and the police involved in the operations have left those areas. All of them have been shifted toward cities along the coast and in the interior, checking leads

obtained during the search. They have been able to establish that one of the extremists apparently came from Los Andes, and may have headed back toward that area.

The search for the guerrilla training camps is now concentrating on urban and rural areas of greater Valparaiso.

The arsenal found at Calle Echaurren 1159 in Limache was turned over to the Military and Police Prosecutor's Office in Valparaiso, which is the tribunal handling this case.

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CSO: 3348/111

BMS-1 'SCORPION'; OTHER CHILEAN MILITARY PRODUCTS

La Paz EL DIARIO in Spanish 2 Nov 86 supplement pp 6-7

[Text] Restrictions on arms sales frequently have effects that are the opposite of the hoped-for results. The French would probably not have developed their Ariane space rocket or the capability to produce enriched uranium if there had been no U.S. embargo, like the embargo which has also paralyzed U.S. exports to Chile.

Dr Carlos R. Cardoen studied metallurgy at the University of Utah. After that, he acquired extensive experience in mining and metallurgy in both North and South America before returning to Chile, his homeland. In 1977 he founded Industrias Cardoen S.A., which rapidly became the leading supplier of explosives and detonating devices for Chile's mining industry. After the U.S. embargo in 1978, it seemed almost a matter of course for Industrias Cardoen to begin to manufacture military materiel, developing an extensive variety, now produced in six different plants.

Chile's geography creates almost unique defensive problems. Along the west is a coastline which extends for a length of 2,600 miles. The Andes lie to the east, and there is a vast desert in the north. There is an extensively cultivated central valley, and glaciers and remote islands lie to the far south. This geographic diversity, combined with economic factors, makes it essential for Chile to have equipment that is highly cost/effective, equipment that is easy to maintain and also extremely mobile. One example of how Cardoen met these requirements is its semi-caterpillar armored vehicle being produced for the Chilean army. This is the only vehicle of its type manufactured outside the socialist countries' bloc.

The BMS-1 [Multiple Semi-Caterpillar Armored Vehicle] "Scorpion" may be equipped with antitank, antiaircraft, or antipersonnel weapons, or it may be used as a troop transport, a communications, ambulance, recovery, or workshop center. Driven by a Commins turbocharged 225-horsepower diesel engine, the "Scorpion" can climb grades as steep as 70 percent. Its maximum highway speed is 70 kilometers per hour, even if it is traveling on high altitude roads. The engine and the Allison transmission are imported in a version designed for agricultural use, and are then converted for military

use by Industrias Cardoen. The fact that these engines are designed for farm machinery that is widely used in Chile enormously facilitates maintenance, and boosts the supply of parts available for the vehicles produced by this company.

When traveling over particularly difficult terrain, the front wheels can be connected during operation to provide full traction. The vehicle has five forward gears and one reverse gear. The front wheels have independent suspension and use Cardoen tires with internal compartmentation. This makes it difficult for bullets or shrapnel to completely deflate them. The shock absorbers and brakes are hydraulic; the brakes have duplicate circuits. The armoring system provides good protection against projectiles up to a caliber of 7.62 mm. The vehicle weighs 8 tons empty, and 10.5 tons in combat order. It has integral fuel tanks with a 350-liter fuel capacity, giving it a driving range of 900 kilometers.

Industrias Cardoen also produces MOWAG 4 x 4 and 6 x 6 armored combat vehicles. To better adapt them to the needs of Chile's armed forces, some major modifications have been made in them, including some structural alterations to increase the armored protection. Cardoen tires are also used; the company is now thinking of offering these tires for sale on the international market. The Cardoen Piranha MOWAG uses a U.S. commercial engine, the turbocharged Detroit Diesel with 300 horsepower, suitably militarized for use in this armored vehicle.

Other armored vehicles produced by Cardoen are the armored truck, VTP-1 "Orca," and the personnel transport, VTP-2. The VTP-1 is a 6 x 6 vehicle with the capacity to transport 16 totally equipped men over distances of up to 1,000 kilometers. The VTP-2 is a fully enclosed 4 x 4 vehicle using a Unimog chassis, with the capacity to transport 12 totally equipped men over any type of terrain. The current version uses a Daimler-Benz DB-OM 352 engine, but a model equipped with a Detroit Diesel 453 Turbo engine with 170 hp at 2,800 rpm is also available.

Drawing on its experience in the field of mining, Cardoen has developed a variety of explosive devices, including a version of the Bangalore torpedo, various types of hand grenades with plastic-on-metal packaging, antipersonnel mines, and the M-19 antitank mine. This is a model used by NATO. It has amagnetic structures and a fuse made of plastic.

In the field of aviation munitions, Cardoen produces a variety of bombs for general use and for practice, as well as 70-mm unidirectional rockets of the type the NATO forces use. Seeking technological simplicity, this company also produces a small bomb that can be thrown by hand from any light plane or helicopter, if an emergency should require this. Cardoen's most sophisticated aviation munitions are two 130 and 500-pound cluster bombs. The 130-lb bomb can cover an area of up to 300,000 square meters by dispersing 50 smaller bombs. In addition to their antipersonnel and incendiary

effects, these smaller bombs can perforate armoring with a maximum thickness of 150 mm. The 500-lb bomb contains 240 smaller bombs which can cover an area of up to 50,000 square meters, depending on the plane's velocity, the launch angle, and the altitude at which the bombs are released. This is controlled by a programmable fuse. Both bombs can be outfitted with fastening points of the types used by NATO, the Warsaw Pact countries, or the United Kingdom. They were designed to withstand forces of 6 g in combat maneuvers. Cardoen says that its cluster bombs have a detonation rate for the smaller bombs superior to the detonation rate of bombs produced in other countries: an average of only two or three, of the total of 240, fail to explode, in comparison with the usual failure rate of 8 percent. Safety fuses protect the bomb and aircraft from accidental discharges. Cardoen backs its confidence in this munition by guaranteeing it a storage life of no less than 5 years.

Dr Cardoen is still the sole owner of the companies he founded, and his philosophy of manufacturing inexpensive, effective and versatile defense equipment will soon be extended to other materials, ranging from night vision devices for combat vehicles to stunning grenades for use against divers.

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CSO: 3348/111

CHILE

FY 86 ECONOMIC GROWTH STEADY

Santiago EL MERCURIO in Spanish 4 Nov 86 pp A-1, A-9

[Text] Industrial production between January and September 1985 rose 7.4 percent in relation to the same period of 1984, according to the index prepared by the INE [National Statistics Institute], which the minister of finance, Hernan Buchi, released yesterday.

The minister said that this year's balanced economic growth gives us confidence that the process of economic expansion is not going to come to a halt. "Its dynamism depends solely on our ability to continue to increase savings and investment, as we have been doing so far."

He added that "to the extent that Chile can sustain stable development, it will be an attractive partner for countries with whom we have trade relations, to whom we have gradually been drawing closer."

The minister noted that the greater production generated in 1986 has been oriented toward exports and investment, as designed by the Chilean economic program, with a more moderate growth in consumption.

He added that this assessment is supported by the growing surplus in the balance of trade, which is now over \$900 million. "This is more than the annual goal initially set in our program," he commented.

Buchi was speaking yesterday at the opening ceremony of the Chilean-Spanish Business Committee conference held in the Sheraton Hotel in Santiago. Also present were: the president of the Official Spanish Chamber of Commerce in Chile, Raul Artigas; the president of the Confederation of Production and Commerce, Manuel Feliu; the president of SOFOFA [Industrial Development Association], Ernesto Ayala; the executive secretary of the Foreign Investment Board, Pedro Cabezon; the head of the Spanish delegation and president of the Official Chamber of Commerce, Industry and Navigation of Bilbao, Antonio de Madariaga; and Spain's ambassador to Chile, Miguel Solano Aza.

Manuel Feliu spoke of the economic ties and the friendship existing between Chile and Spain, citing the recent increase in bilateral trade between the two nations.

The trade association director said that Spanish industry offers an example to our country, citing Spain's significant development of its automotive industry. He said that Spain has a surplus of over \$4 billion in its balance of payments, and that Chile is Spain's third site of foreign investments in the world.

He added that this is a sign that trade relations are separate from political ties, citing the role that businessmen play in this area. "We have improved our trade relations with Spain and also with some other countries like New Zealand, which have different governments," he reported.

The head of the Spanish delegation, Antonio de Madariaga, expressed his confidence that holding this business conference will lead to concrete results and will improve economic relations between the two nations.

He explained that the delegation of businessmen visiting Chile arrived several days earlier to attend the FISA [Santiago International Fair]. He said the delegation represents a broad spectrum of activities. They include fields as diverse as mining, textiles, machinery and equipment, household appliances, food processing, financial and other sectors.

De Madariaga said that these businessmen have not come just to sell, but also to buy, and some are looking for Chilean partners in order to form joint companies.

Minister of Finance

In his speech, Minister Herman Buchi sketched the national economic situation, the current economic program and its results.

He maintained that the economic experience of recent decades "suggests that the use of incentives as motivating forces for growth and the decentralization of economic power generate more productive development processes, consistent with the principles of a free and modern society. The western world has decided to adopt these methods, putting them into practice with singular success."

He said that this development option is shown by respecting private property; by using the market to guide the destination of economic resources; by linking nations economically through foreign trade; and by making use of the natural advantages which each nation and its people have.

Minister Buchi noted that in the second half of the 1970s the Chilean economy grew at rates of 7 to 8 percent a year, with gains in employment and wages, along with some major advances in health and nutrition.

Nonetheless, he reminded his audience that this process of expansion and development was abruptly interrupted by the international economic crisis, which affected the prices of our exports and significantly boosted interest rates.

He indicated that the Chilean economy then had to reorient itself toward the foreign market and investment, and after a difficult process of economic re-adjustment "during the period from 1982 to 1985, the basic macroeconomic equilibria have now been restored."

He estimated that the growth in PGB [Gross Geographic Product] will reach 5 percent this year. He reported that unemployment has declined by 4 percentage points in the past 2 years, and that wages are beginning to recover, within a range fluctuating between 2 and 4 percent.

He said that agriculture and industry are showing signs of increased vitality. He expects that in the forestry, agriculture and livestock sector, growth may exceed 8 percent, and in industry it may top 6 percent.

He said that this evaluation is supported by the latest industrial growth figures compiled by the INE. In September 1986, industrial production was 15.9 percent higher than in September 1985, with sales increasing by 9 percent.

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CHILE

BRIEFS

FOREIGN RESERVES DECREASE--Chile's foreign reserves declined by US \$81.8 million last September. At the end of September the balance was US \$1.4535 billion, the lowest level since November 1985, reported the Central Bank. In all, so far in 1986 foreign reserves have declined by US \$413.2 million from the December 1985 balance. Foreign assets, meanwhile, stood at US \$2.7627 billion, a decrease of US \$74.7 million in relation to the balance last August. The Central Bank report indicates that in September there was a US \$90.3 million negative balance of payments. This means that the cumulative deficit for this year now stands at US \$449.8 million. [Text]
[Santiago EL MERCURIO in Spanish 8 Nov 86 p B-20] 7679

CSO: 3348/111

ARIAS' PROGRAMS CALLED KEY TO PPC STRATEGY CHANGES

San Jose LIBERTAD in Spanish 24-30 Oct 86 pp 2-3

[Resolution on Political Situation and Tasks of Democratic Forces; first two paragraphs are LIBERTAD introduction]

[Excerpts] The ninth plenary session of the Central Committee of the Costa Rican People's Party was held on 17, 18, and 19 October. According to the agenda, three very important political topics were discussed: the current political situation, the plan to hold the "Carmen Lyra" 15th Congress, and the bill for the statute for that congress. The document on the current political situation (which appears in this issue) and the plan for the congress were approved. It will be postponed until June 1987 in order to do a better job on the documents and give the base more time to study the materials.

The plenary session heard a bill drawn up by the statutes commission. According to plans, the bases will have it in November so that it can be properly studied.

When politically evaluating the last electoral campaign, the 8th plenary session of the Central Committee presented the prospects for the future Arias government as follows: "In short, if Oscar Arias initiates a reformist road to fulfill his electoral promises, this by necessity acquires an anti-imperialist and progressive nature. This is the reason our party has defined a policy of support for every progressive action by the future Arias government and of opposition to every reactionary policy. We feel that a progressive policy of the next government can polarize the situation of the internal political forces and lead to greater interference in our politics by imperialism and the CIA. Only with mass support and with the resolute and belligerent action of the left is success possible in the serious confrontation that could occur if Arias carries out his promises. Our party would receive an enormous and strategic challenge: to be ready for the demands of the situation seen from all angles. A reformist process carried out without our party and actually intended to destroy it, as some reformist leaders of our bourgeoisie propose, really presents us with an enormous challenge. If the pressures of imperialism and the reactionaries neutralize Arias' proposals, a very hard political battle will begin. The masses, trusting in the promises, would be deceived and the work of our party would have a different but equally decisive nature from then on. As can be deduced

from the above evaluations, both situations present us with historic challenges."

Analysis of more than 5 months of Arias' government confirms the approach taken then.

Government Facing Two Great Challenges

Even before Arias took office as president of the republic, it was clear that he faced two great challenges dialectically interrelated: to guarantee peace and national sovereignty through the policy of neutrality; and to confront the economic crisis and U.S. imperialist blackmail through the international financial organizations (IMF, World Bank, IDB, AID, etc.) allied with the pro-imperialist oligarchy and its powerful machinery for ideological domination.

Imperialist objectives for the new government were the same as for the Monge government. However, this time the geopolitical and military needs for use of our territory were on a higher plane due to the escalation of the war and their desire to liquidate the Popular Sandinist Revolution as quickly as possible. Schematically, we can say that the imperialist tactic has been as follows:

1. To try to win the greatest number of positions in the government, mainly in the cabinet, emphasizing the repressive machinery and the economic and foreign relations sectors;
2. To use the method of the stick and the carrot in the economic sector, applying the logic of using the stick if there is resistance to its policy of aggression against Nicaragua and giving a carrot (giving and giving) as sovereignty is yielded and territory loaned for its military plans. Also this scheme of giving carrots has the objective of increasing our foreign debt, multiplying our economic dependence with all its political implications and, as a strategic element, modifying the entire productive system of the country through the program of "structural adjustment." In view of the fact that such a program is very explosive socially, it is accompanied by another in the repressive machinery of the state designed to militarize the country and perfect the political repression machines in a scenario that includes a sophisticated and monstrous campaign of psychological warfare. As we will see, the imperialist plan contains a black chapter of actions, even terrorist actions, that support its entire policy and transcend the scope of Costa Rica.

The United States makes the two basic political problems of the government--peace and economic stability--appear opposed. If the government assures effective neutrality, there will be no economic stability and vice versa. There will only be "economic stability" if we sell the peace to the United States.

Current Prospects

As we stated in the electoral evaluation of the previous plenary session, government policy will depend to a great extent on popular pressure. The

change begun by Arias is, to a certain extent, the result of the revitalization of the popular movement.

Under current conditions, the popular struggle—mature, serene, sensitive, and firm—must be combined with revolutionary vigilance against the maneuvers of the CIA and its agents and allies.

Our evaluations about the government have proven correct, confirmed by practice. If the road that the government seems to have taken is continued and expanded, a worsening of the class struggle, mainly anti-imperialist, can be expected. As we stated in the electoral evaluation, we cannot discard abrupt changes in the situation and destabilizing actions. The response of imperialism and the native reactionaries could even include a coup d'etat.

The objective conditions, mainly the foreign debt and the IMF policy, open the way and create enormous possibilities for broad political work. Evidently there is a great convergence with sectors of the national bourgeoisie. As the document of the plenary session's electoral evaluation concluded: "Only with a great party and great political intelligence can we be ready for the historic needs." Because the "contras" are in the process of reorganization, the struggle has focused mainly on the field of economic pressures. However, final approval of the 100 million and the reinitiation of large-scale operations on our northern border will force the democratic and patriotic forces to orient their struggle to defend peace, neutrality, and national sovereignty.

To truly understand our political situation, we must pay special attention to the results of the recently held Gorbachov-Reagan summit. Although results were not achieved in armaments, it can be assumed that regional problems were discussed and Central America occupied a central position. It could be within the realm of possibility that some high-level agreement was reached on Nicaragua and Central America that neutralizes imperialist plans. In any case, events in the immediate future will show us if there were any agreements in that area. As has been repeated many times, it is very important for world peace.

Appropriate Tactic

Despite the important revitalization of the popular movement, we are still far from overcoming the general reflux. It would be a very serious mistake to overestimate the level of political awareness of the masses and exaggerate their state of mind for battle. Sectarianism and adventurism would only help the maneuver started by the reactionaries. To open the way to a real option of popular power, it is necessary to tenaciously persevere in the accumulation of power.

Given the current balance of power between classes, the immediate general tactical objective is to procure a positive change in government policy, a change that we define in terms of a growing confrontation to the impositions of the IMF and effective progress in the policy of neutrality. When formulating this tactic, we start with the thesis that the current government balances the interests of a bourgeois faction tied to the vicissitudes of the

internal market with those of an oligarchical-imperialist group tied to the foreign market and foreign monopolies, turncoats who want repression. Neutralization of that oligarchical and pro-imperialist group, its isolation, will create better conditions so that the revitalization of the popular movement can progress toward a powerful mass movement. Consequently, the current political problem is who will isolate whom.

This policy differentiated toward the dominating class and the tactic derived from it is only meaningful within a context of continual increase of mobilization and popular struggles. We consider consolidation of the unity of the union movement and its promotion of new demands most important. We consider the efforts aimed at unifying the peasant movement and increasing its mobilization regionally and nationally decisive. We consider unity and the start-up of a community front in the fight for housing and better community services and against the increase of prices and rates urgent. The student movement, which has dwindled so in recent years, must also join this process of unity and popular mobilization.

Based on a powerful mass movement and within a context of significant advances toward popular unity, with correct leadership by the revolutionary forces--mainly our party--intelligently exploiting the "cracks" observed in the heart of the dominating classes and acting skillfully not to fall into the reactionaries' traps, it is possible for us to ultimately show national and patriotic unity against the impositions of the IMF and the war policy of the Reagan Administration. The formation in practice of a vast national front which excludes only the turncoats would mark the end of the period of general reflux and the beginning of a new stage in the class and anti-imperialist struggle.

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CSO: 3248/72

NEW FINANCIAL ENTITY TO ADDRESS HOUSING SHORTAGE

San Jose LA NACION in Spanish 31 Oct 86 p 6-A

[Text] In a roll-call vote yesterday after the third debate, the legislators unanimously approved the bill creating the Financial System for Housing, known as the Housing Bank.

It is established as a public, nongovernmental entity with legal responsibility and administrative autonomy, the governing organization of the National Financial System for Housing.

It will be under the supervision of the General Auditor of Banks and the General Comptroller of the Republic.

FOSUVI [Fund for Housing Subsidies] was created with the objective of making it possible for low-income families to buy a house. It will be made up as follows:

33 percent of the annual resources of the Fund for Development and Family Subsidies;

3 percent of the National Budget and the special budgets; and

Donations and contributions from other public and private national and foreign organizations.

The benefits of FOSUVI will be distributed through a family housing bond. It is a personal nonnegotiable bond issued by the bank in the name of the beneficiary. It is exempt from any tax, present or future.

FONAVI [National Housing Fund] is also created with resources that will come from Disability, Retirement, and Life Insurance of the Costa Rican Social Security Bank, from deposits attracted, and from the loans that the bank contracts. Those funds will be used only for housing and cannot be used for administrative expenses.

Warnings

Giving reasons for their affirmative vote, the two leaders of the majority factions warned that approval of this bill is only one step in solving the enormous problem of the housing shortage.

The Social Christian leader, Luis Manuel Chacon, stated that their vote gave the government a tool but if it does not change its expenditures, it will be useless.

The Liberationist leader, Jose Miguel Corrales, recognized the political will interposed in the matter by the president of the republic, Dr Oscar Arias, and the effort made by the deputies of the Economic Affairs Commission. However, he stated that it is only one step in a 1,000-kilometer march since the housing problem involves the job shortage.

Liberationist Clinton Cruickshank sponsored a bill so that the funds that the Popular Bank returns are capitalized for 10 years and allocated for financing housing construction at a very low interest rate.

Financial

Yesterday the Financial Affairs Commission approved a motion to review approval of the bill to restructure the state and another that Unity had presented to centralize construction permits at the Ministry of Housing.

Chairman Fernando Volio convoked a special session for next Monday at 9:30 am to hear the rest of the initiatives. Social Christian Luis Fishman said: "This shows that the concerns of the Liberationist deputies who believed that we presented motions to delay the project were not valid. What was heard was approved with the votes of the Liberationists."

Maripepa

Finally deputy Humberto Vargas revealed in the plenary session: "If only all Costa Ricans had Maria Jose Nieto's luck and the president received them behind closed doors in his office at the Presidential House."

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CSO: 3248/72

STUDY ON BUREAUCRACY PROBLEM FACING EXPORTERS

San Jose RUMBO CENTROAMERICANO in Spanish 10-16 Oct 86 pp 20-21

[Article by Gina Polini]

[Excerpts] After learning the number of steps he had to carry out in different government offices scattered around the metropolitan area in order to sell his surplus outside the country, the small cheese producer in Turrialba made a firm decision. I will not export.

He had to allocate a minimum of 10 days for obtaining permits and licenses each time he wanted to export cheese. All that red tape required him to make at least three trips from Turrialba to San Jose. Some of them would be fruitless if the office delayed delivery of the pertinent document.

Evaluation of this situation made him decide that it was better to lose his production surplus than try to sell it outside our borders. The profits he could obtain did not justify the effort.

This is only one actual case which a researcher from the ITCR [Technological Institute of Costa Rica] followed in a study done to determine how many steps a manufacturer had to carry out before obtaining approval to export his product.

There are many other industrialists like him who have given up the option of exporting, discouraged by the ordeal of carrying out all the steps.

The basic problem is not the number of documents required but how dispersed the offices that grant the permits are and how long they take to do it.

There are 22 offices involved with export permits. They are scattered over 32 square kilometers in the metropolitan area.

In cases like the cheese producer's, eight different documents are needed to finalize the export. They must be picked up at eight different offices which takes 10 days to 3 weeks.

In addition, regulations on the transaction of export requests are contained in 14 laws and 28 decrees.

One Case

The study made it possible to determine that the steps require visits to a number of scattered offices which causes a great delay. Many steps cannot be carried out until certain documents have been obtained which takes several days.

The steps that the manufacturer has to carry out to send his product to international markets constitute a real ordeal that begins with the issue of the commercial invoice, the document that summarizes the agreement reached between the producer and the buyer.

After this, according to the Consumer Protection Law, he must request the export permit for restricted products—cheese and about 50 other articles. The Ministry of Economy grants this through the Office of Domestic Trade; it takes 5 working days.

After obtaining that document, he asks the Ministry of Health for a certificate of open sale of the product on the domestic market in accord with the General Health Law, a step that takes 2 working days. Once that step is completed, he must go to the Animal Health Directorate located in Barrial de Heredia which issues an official health certificate for animal products and by-products in accord with the Health Protection Regulation. That takes another 2 days.

All that documentation is presented to the Central Bank to obtain the export license. This is the quickest step since it only takes 1.5 hours. If it is the first time the product is exported, the signatures of those who will sign the licenses for the seller from now on must be registered there.

With that requirement satisfied, the form known as "Shipping Instructions" must be filled out. It is taken to two organizations: the customs agency responsible for drawing up the export permit for shipping and the transportation agency that draws up something like a "passport" so that the cargo can enter the destination country.

All those steps to export cheese take at least 10 working days and must be done for each export.

Only Window

Before the study was done, there had already been concern in the government about expediting the steps with the objective of eliminating obstacles for the producer. The Export Promotion Center knew about Gerardo Gutierrez' work. The head of that center, Muni Figueres, asked the researcher to design a system to centralize these steps based on his study. She also appointed Marvin Salas from that center to collaborate in the project.

The system started approximately a year ago by the Panamanian Export Institute was used as the basis and adapted to national needs. It consists in opening a single window where the interested party presents all the documentation and in

a few hours is given all the approved permits and forms so that he can ship the merchandise.

The plan that was drawn up selected the Export Promotion Center as the entity that will assemble the officials responsible for granting permits because the legal framework exists for it to operate in this way. The law that creates that center defines it as the entity responsible for facilitating steps for exporters.

The idea is that the staff is not increased but a building is adapted so that people from different offices who are responsible for those duties are transferred there and all approvals can be done there.

According to the project, the offices which would send their personnel to that building include: Plant Health, Forestry Directorate, Animal Health, Fishing Resources, Food Control, Drug Control, Office for Restricted Products, and customs officials from the Ministry of Finance and International Transactions of the Central Bank.

According to the study done by ITCR engineers specializing in time and motion studies, one transaction like the export of cheese would take a maximum of 1 hour and 35 minutes compared to the 10 days it takes now.

Steps to Export
Table Comparing Current Time For Steps And Proposed System

<u>Type of Product</u>	<u>Total Time Now*</u>	<u>Estimated New Time</u>
Legumes, fruits, vegetables, flowers, plants	8 hr, 35 min	1 hr, 5 min
Seeds	3 days, 8 hr, 35 min	3 days, 1 hr, 20 min
Vegetable fibers, onions, potatoes, coconuts	5 days, 8 hr, 35 min	1 hr, 20 min
Beef suet, processed leather	7 days, 2 hr, 35 min	1 hr, 20 min
Milk and by-products, honey	9 days, 2 hr, 35 min	1 hr, 35 min
Poultry meat	7 days, 2 hr, 35 min	5 days, 1 hr, 20 min
Pigs	4 days, 2 hr, 35 min	2 days, 1 hr, 5 min
Wood and by-products	8 hours, 35 min	1 hr
Vegetable fat, palm oil, molasses	7 days, 2 hr, 35 min	1 hr, 20 min

*This time is working days and hours and does not include the delay in going from one institution to another but only the time the steps take in each office.

Situation

The project was presented to the minister of exports, Muni Figueres, in April of this year. She agreed to start it up. The Export Promotion Center even

Warnings

Giving reasons for their affirmative vote, the two leaders of the majority factions warned that approval of this bill is only one step in solving the enormous problem of the housing shortage.

The Social Christian leader, Luis Manuel Chacon, stated that their vote gave the government a tool but if it does not change its expenditures, it will be useless.

The Liberationist leader, Jose Miguel Corrales, recognized the political will interposed in the matter by the president of the republic, Dr Oscar Arias, and the effort made by the deputies of the Economic Affairs Commission. However, he stated that it is only one step in a 1,000-kilometer march since the housing problem involves the job shortage.

Liberationist Clinton Cruickshank sponsored a bill so that the funds that the Popular Bank returns are capitalized for 10 years and allocated for financing housing construction at a very low interest rate.

Financial

Yesterday the Financial Affairs Commission approved a motion to review approval of the bill to restructure the state and another that Unity had presented to centralize construction permits at the Ministry of Housing.

Chairman Fernando Volio convoked a special session for next Monday at 9:30 am to hear the rest of the initiatives. Social Christian Luis Fishman said: "This shows that the concerns of the Liberationist deputies who believed that we presented motions to delay the project were not valid. What was heard was approved with the votes of the Liberationists."

Maripepa

Finally deputy Humberto Vargas revealed in the plenary session: "If only all Costa Ricans had Maria Jose Nieto's luck and the president received them behind closed doors in his office at the Presidential House."

7717

CSO: 3248/72

CEREZO'S ACTIVE NEUTRALITY POLICY QUESTIONED

Guatemala City EL GRAFICO in Spanish 11 Nov 86 p 9

[Editorial: "Guatemala Defined Its Foreign Policy for OAS"]

[Text] Yesterday, the president of Guatemala, Vinicio Cerezo Arevalo, defined his government's international policy to the delegates attending the 16th General Assembly of the Organization of American States, OAS. We Guatemalans were not at all surprised by the position assumed by the government; on the contrary, it only served to make us listen again to the by now outworn terms "reaching agreement," "active neutrality," etc. It may possibly have appeared innovative to some delegates that a Guatemalan Government should assume a stance of "neutrality" and even confrontation in some respects against the American policy toward the Central American region. The fact is that we have become nonaligned with the United States and the other countries of the area, to become aligned with the position of the "great" Latin American countries belonging to the Contadora Group, who are seeking a negotiated solution to the Nicaraguan conflict, although they are not demanding that the Sandinist government keep its promises to the OAS Assembly in 1979, offering pluralism and individual liberties.

The president, with the political rhetoric that typifies him, called upon the American governments to affirm dialogue and agreement, to build a new peaceful, democratic society. What the citizen president overlooked is that it is very difficult to talk about dialogue to nations like El Salvador and Costa Rica, which are being attacked by a country that claims to be seeking peace and dialogue. In the same situation are Colombia and Peru, which have to confront guerrillas sponsored from abroad. Guatemala itself is in the very same position, to the point where, without going too far afield, only last week the government remarked that it would not hold dialogue with the Marxist guerrillas because they are "antidemocratic." It is obviously easier to talk about peace than to adopt concrete measures for attaining it; because there are concessions that cannot be made.

In opposing the United States, and requesting that the American states be viewed "as partners and not as mere tools of its international policy," the president of the republic is adopting a policy that does not sound like one of "neutrality" at all; because he is attempting to indicate a policy line to another sovereign

state. This attests to the fact that the term "neutrality" is extremely complex, especially if it involves being active as well. Where the president was, indeed, quite correct was when he noted that "peace is not just a political concept, but also requires economic and social support, and hence social justice for the people is necessary to keeping those people peaceful." What is inexplicable is how we can be made to comprehend why, in 10 months of government, the Guatemalan people are more impoverished than they were a year ago, with increasing social deterioration that is threatening to cause upheaval even in the nascent democracy. Instead of that flowery rhetoric, he should attempt to find the means for promoting that peace which gives prosperity to people; a prosperity that is not achieved by stifling the low-income classes with tax packages such as those already approved, and the new ones being studied. The delegates can discern from the people's protests, complaints, and demonstrations the problems confronting Guatemala, for which no concrete responses have been given thus far, but rather words, only words....

2909

CSO: 3248/93

RISK OF WAR 'HIGHER' FOLLOWING C-123 DOWNING

Guatemala City PRENSA LIBRE in Spanish 9 Oct 86 p 10

[Editorial: "Central America on the Brink of War"]

[Text] The Sandinist missile firing which, 2 days ago, brought down a U.S. made airplane on Nicaraguan territory, an aircraft which was carrying weapons for the rebel groups opposing the Managua government, has created a verbal uproar throughout the world: some in favor, others opposed. In favor of what, and opposed to what?

We might say that there can be only two positions: one in favor of saving President Ortega's regime, and another in favor of its destruction. The airplane, a giant C-123, of the type used during the Vietnam war, was carrying weapons destined to fire upon the Sandinists. At least that does not lend itself to confusion.

The incident has put several governments on the defensive, including those of El Salvador and the United States. Engineer Napoleon Duarte concerned himself yesterday with convincing the world that the war plane did not take off from Salvadoran territory, as the Sandinist regime claims. The apparent problem lies in credentials carried by the pilot of the downed plane, Eugene Hasenfuss, of U.S. nationality. The document was reportedly issued to him by the Salvadoran Air Force. Duarte flatly denied that, claiming that it was a lie invented by the "Nicas." He also maintains that it is a trick aimed at estranging him from the United States Government and depriving El Salvador of the generous economic, political, and military assistance that he is receiving from the Reagan administration. Every day, the United States Government provides Duarte's Christian Democratic regime with approximately \$1.5 million, making a total of \$547 million every year.

But President Reagan's government is also facing a wave of effusive local verbosity as a result of the airplane incident. A Senate commission announced yesterday that it would investigate the case, to determine whether there is any relationship between President Reagan's government and the entities which shipped the weapons to Nicaraguan territory.

Nevertheless, the most important aspect of the flood of reports produced regarding this incident is the warning made public by the U.S. Government that it might immediately undertake the closing of its embassy in Managua, as a response to the Sandinist authorities' refusal to allow American consulate officials to meet with the surviving aviator.

If there should be a break in diplomatic relations between the United States and Nicaragua, it would make way for a new element in the already very tense political and military relations in the region. This would have to be added to the failure of the negotiations promoted by the Contadora Group and the Support Group, to the claims which Nicaragua brought against the governments of Honduras and Costa Rica before the International Court of Justice, and to the border incidents that are occurring on occasion along that country's northern and southern borders.

One infers from what has been stated previously that the situation in Central America runs the risk of becoming complicated. According to Guatemalan President Vinicio Cerezo, who recently set forth his policy of active neutrality in Europe, the outbreak of hostilities would turn the region into a kind of Lebanon, shaken daily by terrorist explosions; according to others, the way would be paved for another Vietnam.

Neither of these possibilities needs to materialize. There are no national conditions for wars lasting many years, such as those which have occurred in these countries. The essential geopolitical elements for repeating the experience of Lebanon and Vietnam do not exist in Nicaragua.

The only certain thing is that the atmosphere is growing heated. Central America is on the brink of war. A small spark is all that is needed to start the blaze.

2909

CSO: 3248/93

CACIF CALLS FOR SGS ABOLISHMENT

Guatemala City PRENSA LIBRE in Spanish 3 Oct 86 p 19

[Text] The Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF) declares to the government authorities and to the public:

1. We are not protecting thieves. In the public debate on the unfeasibility for the country of the contracting of SGS, it has been hinted that those opposed to the aforementioned contract are opposing it with the unadmitted aim of preventing the "catching" of those perpetrating the unlawful operations, involving millions, in our foreign trade, reflected in the endemic "flight of foreign exchange" that has been besetting our nation. In this way, there has been an irresponsible recourse to the argument that "whoever owes nothing, fears nothing," avoiding a confrontation with the serious, reasoned statements that the Organized Private Sector has been making, which may be summarized thusly:
 - a. With the contracting of SGS, neither the corruption nor the flight of foreign exchange will disappear, because the conditions which foster such phenomena still persist;
 - b. Although neither the corruption nor the flight of foreign exchange will be eliminated, the country will (paradoxically) suffer an increase in the cost of its imports, with the resultant impact on the consumer and on the competitiveness of our products abroad;
 - c. In addition, there will be a discouragement of exports, the only long term source of our foreign exchange, because of a series of problems ranging from hostile reactions on our destination markets to increased red tape and discouragement of new investments in Guatemala; and,
 - d. This entire accumulation of ineffective, unnecessary, and burdensome problems (compounding those already existing) for national production represents a weakening of our newly inaugurated state of law, because they violate the spirit and the letter of various legal principles established in our Constitution.

2. Let the law be applied to those who break it. The Organized Private Sector has systematically reiterated its support for all the measures that impose compliance with our laws, within the legal context of a state of law. For that purpose, we Guatemalans pay taxes which are used, among other things, to maintain courts, a national police, a treasury police, a General Directorate of Customs, a Comptroller of Accounts, etc. It is even offensive to those who should be performing those functions properly in observance of the law and to Guatemalans as a whole that these state functions should be turned over to a foreign company; particularly when the native officials have never been given budgets comparable to the one that the aforementioned SGS will benefit from (in foreign currency).

For the foregoing reasons, CACIF declares:

I. Its most forceful repudiation of this ineffective, unnecessary, and burdensome contracting, considering it detrimental to the interests of the nation and its sovereignty;

II. Its respectful but firm demand to the government authorities that they cancel the SGS contract, because of the harmful results that it will bring to the country; and,

III. Its respectful and firm demand to the government of the republic that there be a reinforcement of the competent national authorities, so that they may comply with and enforce compliance with the law.

Guatemala City, 3 October 1986

2909

CSO: 3248/93

POLITICAL PARTIES TO SELECT CANDIDATES SEPARATELY

Congress Sustains Election Reform

Tegucigalpa LA TRIBUNA in Spanish 23 Oct 86 p 1

[First paragraph is LA TRIBUNA introduction]

[Excerpt] The political parties will hold separate internal elections after a motion was defeated to reconsider the point that the National Congress approved last week concerning amendments to the Electoral and Political Organizations Law.

This was decided by the overwhelming majority of the Montoya and Callejas deputies, the forces in PUN [National Unity Pact], who were against simultaneous elections as demanded by 30 Liberal deputies, 2 Pinuists, and 1 member of the Christian Democrat bench.

The roll-call vote yielded a final result of 99 votes against the reconsideration presented by Liberal Rafael Pineda Ponce, 29 for, and 1 abstention. Deputies Graciela Pineda de Giron, Carlos Montiel, Salomon Fajardo Bueso, Jaime Aguilar Smith, and Arturo Ferguson Luna—all from the government Liberal wing—did not vote.

Azcona Supports Reform

San Pedro Sula TIEMPO in Spanish 27 Oct 86 p 4

[Text] La Ceiba--When Eng Simon Azcona arrived here, he stated: "The amendments to the Electoral Law approved recently by National Congress do not hurt any of the presidential aspirants."

Asked about a possible presidential veto of the Electoral Law, he stated that there has been a lot of speculation. It must be studied. "I think that there are aspects which do not hurt any of the aspirants. One example is separate elections if the elections within each party are done with full guarantees."

The recourse of appealing for a presidential veto if the National Congress does not change its decision is being analyzed by the internal groups of the Liberal Party led by Ramon Villeda Bermudez, Enrique Ortez Colindres, Carlos

Flores Facusse, and Jorge Maradiaga, according to the document signed on 22 October in the CCEPL [Central Executive Council of the Liberal Party] offices.

The motion for reconsideration of the act that nullifies separate elections for officers and candidates for popularly elected positions, replacing them with simultaneous elections, was rejected by the Montoya-Callejas steamroller in Congress.

President Azcona also feels that municipal elections are appropriate, "first, to comply with the law and also for the tranquillity of the Honduran people."

He stated: "If it were necessary to force the law a little so that there are no municipal elections, the law would have to be reviewed very carefully in order not to violate it."

7717

CSO: 3248/70

DETAILS ON 1.93 BILLION LEMPIRA BUDGET

San Pedro Sula LA PRENSA in Spanish 31 Oct 86 p 3

[Article by Jose Danilo Izaguirre; first paragraph is LA PRENSA introduction]

[Text] The National Congress approved the General Revenue and Expenditures Budget for the Republic at 1,932,020,844 lempiras. This was an increase of 21 million lempiras over the initial bill for the 1987 fiscal year.

The initial bill established a budget of 1,911,095,844 lempiras which included both current revenue and capital, according to a report from the Ministry of Finance and Public Credit.

Most of the increase was allocated for better operation of the Supreme Court of Justice. In addition, 4 million lempiras will be allocated for the completion of the Judicial Branch building which was not completed under the last administration.

It took the deputies 12 consecutive hours to approve the bill. The first legislature closes today and the budget of 1,932,020,844 lempiras had to be approved.

This budget was distributed among all the government ministries with allocations based on the needs of each ministry. The ministries of public education, public health, public works and transport, and natural resources received larger capital allotments.

The residents of San Pedro were helped with allocations of 942,000 lempiras for the San Pedro Sula Regional Hospital and 7 million lempiras for the Leonardo Martinez Hospital. This second health center will operate until September 1987 and then the responsibility will return to the San Pedro Regional Hospital.

The hospitals were helped by approval of the new budget but several educational centers in Valle Department that, it was assumed, would be constructed in 1987 do not have definite budgets.

1986, 1987 Budgets

Below is a comparison of the General Budgets for Revenue and Expenditures of the Republic for 1986 and 1987.

<u>Institutions</u>	<u>1986</u>	<u>1987</u>
Legislative Branch	20,975,100.00	23,725,100.00
Judicial Branch	14,000,000.00	21,000,000.00
Electoral Org.	8,000,000.00	16,000,000.00
Executive Branch		
Presidency of the Republic	30,113,358.00	37,301,631.00
Government and Justice	15,036,785.00	32,320,800.00
Foreign Affairs	16,458,000.00	23,405,300.00
Defense and Public Security	135,000,000.00	135,000,000.00
Economy and Commerce	21,956,000.00	23,008,351.00
Finance and Public Credit	43,550,000.00	41,055,600.00
Attorney General's Office	1,564,000.00	15,583,300.00
Public Education	355,003,300.00	376,097,363.00
Public Health	261,177,100.00	194,360,548.00
Culture and Tourism	6,160,000.00	5,971,500.00
Labor and Social Security	24,525,000.00	24,870,400.00
Communications, Public Works, Transport	204,463,600.00	182,192,100.00
Natural Resources	113,990,444.00	117,237,438.00
Public Debt	549,800,000.00	342,580,320.00
Central Service of Public Expenses of the Executive Branch	64,300,000.00	69,453,513.00
General Total	1,886,072,887.00	1,932,020,844.00

Figures in millions of lempiras

Given its importance and the need to end the discussion and approve the budget, they agreed to dispense with the second debate. Even so, the deputies left yesterday at 4 am.

Villeda Morales Airport Left Out

Despite the fact that allocations for the two San Pedro hospitals are included in the General Budget, there was no budget for the Villeda Morales International Airport.

According to the legislators, the economic situation of the country is serious. Therefore, they could not make any allocation for the industrial capital's airport.

Three Million for RNP Not Approved

The RNP [National Census Register] is in the same position as the Villeda Morales Airport. The 3 million lempiras requested were not approved.

The RNP threatened, through the president of the National Electoral Court, Roberto Callejas, to close tomorrow, Saturday, because there are not enough funds to operate.

Some other activities pertaining to national development were not included in the approved budget. There should be aid through the 8 million lempiras budgeted for subsidies that will be distributed by the deputies.

A new ministry was created by the National Congress but one also disappears. The Higher Council of Economic Planning was replaced by the recently created Secretariat for Planning, Coordination, and Budget.

7717

CSO: 3248/71

HONDURAS

COFFEE GROWERS PROTEST CONTRA PRESENCE

Tegucigalpa LA TRIBUNA in Spanish 25 Oct 86 p 10

[First paragraph is LA TRIBUNA introduction]

[Text] Coffee growers in the area bordering Nicaragua who have been ousted by the Nicaraguan contras will testify before the U.S. Senate next January if the Democrats win the majority in the Senate elections that will be held in November.

Antonio Erazo Olivera, president of the local coffee growers board in Danli, El Paraiso, said yesterday that they have contacts with five U.S. Democratic senators who have promised to discuss their problems if they win control of the Senate.

Erazo Olivera stated: "We are willing to go to the United States to present testimony about the injustices that the Nicaraguan contras have committed against the coffee growers in the recovered zone facing our government's indifference."

The leader stated that the contras occupy 400 kilometers of Honduran territory and have taken over 21 villages that had been inhabited by Hondurans. A similar number of villages are half-deserted because of the conflict between the Sandinists and the contras.

He pointed out: "It is sad to hear Foreign Minister Carlos Lopez Contreras try to defend the contras. Everyone knows that there are some 11,000 contras in the recovered zone and it seems that our foreign minister is trying to cover up for them."

Erazo Olivera preferred to keep silent about the position of the High Command of the Armed Forces. He only stated: "There are low-ranking Army officers who are for the Hondurans ousted from their villages by the contras."

7717

CSO: 3248/70

BRIEFS

'MONARCA' CANDIDATES TAKE OFFICE--The National Party of Honduras recognized the slates of candidates elected last June by MONARCA [Rafael Callejas National Recovery Movement] as the new local and departmental officials. According to the secretary of the National Electoral Commission, Jacobo Hernandez Cruz, this decision was made because no other movement registered candidates. The Friends of Oswaldo Ramos Soto Movement, the Movement of Independent Nationalists, and Roberto Ramos Zelaya's MORENAC [Movement of Authentic Nationalist Protest of Colon] did not participate in the internal elections last June. MONARCA held elections for the local and departmental committees last June and these slates were recognized as legitimate by the National Party when there were no opposing slates. Hernandez Cruz said that the procedure was legal "because if no other movement or internal group of the National Party registered slates for the local or departmental committees, the Electoral Commission had to declare the slates that MONARCA presented elected before the deadline set by the commission in the convocation that was published in the official newspaper LA GACETA." [Text] [Tegucigalpa LA TRIBUNA in Spanish 20 Oct 86 p 2] 7717

CSO: 3248/71

POLICE DETAIN PLRA MEMBERS IN CONCEPCION

Early Reports

PY261303 Asuncion ULTIMA HORA in Spanish 24 Nov 86 p 10

[Text] Concepcion--According to the first reports, the assembly of the PLRA [Authentic Radical Liberal Party] Committee in this city concluded with the detention of a large number of its members, including Miguel Angel Martinez Yaryes, Saturnino Lezcano, Victor Gimenez, Raul Zarza and Daniel Zavala. All were having dinner at Lezcano's home when the police suddenly raided the place and detained everyone there.

According to the reports, PLRA leaders from Asuncion traveled to Concepcion on 22 November to participate in the assembly to renew the authority of the members of the Concepcion Committee. After the assembly, it was decided to hold a meeting at Lezcano's home. Some time afterward, the police, headed by Sabino Careaga, raided the house.

Approximately 30 people were detained. Then, through the good offices of a priest named Pinanez, several women were released. It was confirmed this morning that Martinez Yaryes, Lezcano, Zarza and Gimenez were still being held.

It has also been learned that the detainees were told that if they handed Felino Amarilla and Hermes Rafael Saguier over to the police, they would be immediately released. Moreover, it has been reported that Amarilla did not travel to Concepcion, although Sagier is presumably in that city.

In this respect, Francisco de Vargas said: "This was an illegal and unconstitutional raid that put an end to a peaceful dinner in a place where the state of siege is not in effect. This is the type of incident that irritates the people, especially if we take into account the fact that the police told them they would be released if they handed over the friends of Martinez Yaryes. This demonstrates that the PLRA Popular Mobilization for Change is being systematically persecuted throughout the country."

Some Members Released

PY261350 Asuncion EL DIARIO in Spanish 26 Nov 86 p 8

[Text] PLRA [Authentic Radical Liberal Party] leaders in Concepcion reported last night that Antonio Ocampos, a youth leader, is still being held at the headquarters of the Regional Government representative in that city. Victor Gimenez has stated that "this person has not been released because he is covered with bruises and wounds that he received when he was detained." He also reported that Sergio Samaniego had been released at noon on 25 November.

It must be recalled that 62 people, including PLRA leaders and members, were detained during the very early hours of 24 November at the conclusion of an assembly of the local committee. Sixty people were released later the same day.

Hermes Rafael Saguier has reported that during the police raid, 15 motorbikes were ruined. Their brakes and clutches were dismantled and sand was put into their gas tanks. The tires of six pickup trucks were also ruined. This action is attributed to the police.

Our newspaper telephoned police headquarters in Concepcion to confirm this charge, but the only answer we got was: Only the secretary general would give out any type of information.

Our source has also told us that all the leaders who traveled to Concepcion from the capital have returned to Asuncion. Several of them were also detained, but were released the same day.

/9738

CSO: 3348/127

BRIEFS

NEW PORTUGUESE AMBASSADOR--Antinio Baptista Martins, the new Portuguese ambassador to Paraguay, this morning presented his credentials to President Alfredo Stroessner. [Summary] [Asuncion ULTIMA HORA in Spanish 1 Dec 86 p 12 PY] /9738

YACYRETA DAM WORKERS STRIKE--Asuncion, 5 Dec (AFP)--Trade union sources today reported to AFP that an indefinite general strike continues to affect work on the Paraguayan-Argentine Yacyreta dam, 300 km southeast of Asuncion. The indefinite general strike was decreed last Wednesday the the trade union on the Argentine side with the support of the workers on the Paraguayan side, whose trade union organization is being formed. The reason for the strike is the mistreatment suffered by four workers--two Paraguayans and two Argentines--at the hands of Investigative Police Inspector M. Rios Martinez, the security chief of the project on the Paraguayan side. Argentine representatives of the hydroelectric dam project discussed the issue yesterday, seeking solutions to the conflict. [Text] [Paris AFP in Spanish 1433 GMT 5 Dec 86 PY] /9738

CSO: 3348/127

CREDITORS TO ACCEPT PAYMENT IN EXPORT PRODUCTS

Lima EL COMERCIO in Spanish 16 Oct 86 p A-4

[Text] The president of the ICE [Foreign Trade Institute], Enrique Cornejo Ramirez, revealed yesterday that there have been some 25 offers from U.S. and European banks to accept exports in payment of the Peruvian foreign debt.

He indicated that Peru is willing to negotiate these offers from creditors within the 10-percent limit set by the government.

He stated that guidelines have been given for payment of the debt to Hungary and Czechoslovakia under a new plan. Part will be paid in products and a similar percentage in cash.

This was announced during the meeting he held with the traditional exporters of coffee, ores, and fishing products. Cornejo added that the 1987 budget includes 1.5 percent of the PBI [Gross Domestic Product], equivalent to \$240 million, for payment of the foreign debt service.

He explained that, from now on, payment of the debt in export products will be under the two-for-one plan. This will mean that "for each dollar that we owe, we will pay one in cash and they will buy goods from us for one."

He stated that the previous model with the socialist countries was "one for one" which made it possible not only to revitalize certain industries like the textile industry but to introduce nontraditional products into new markets.

He emphasized: "Under these circumstances, we must ration the use of foreign currency. Negotiations must lead to the sale of products and, in turn, foreign currency revenue for the acquisition of parts for national industries."

The president of the ICE also announced that, from now on, this institute will bilaterally negotiate the Peruvian debt with creditor governments in order to obtain new lines of export financing.

He pointed out: "The debt will be used as a mechanism to negotiate credit."

Cornejo asked the businessmen to give greater added value to traditional products in order to make them more competitive abroad. "They can respond successfully to the 'momentum' of the international market."

He revealed that this second stage of the government "will be characterized by more promotion for production since inflation has been controlled. The economic agents have brought inflation down to manageable and tolerable levels."

7717

CSO: 3348/88

TRADE AGREEMENTS WITH JAPAN, NEW ZEALAND

Traditional, Nontraditional Goods to Japan

Lima EL PERUANO in Spanish 28 Oct 86 p 2

[Text] Peru carried out important commercial transactions when a Japanese purchasing mission visited our country. Also future contacts were made for traditional and nontraditional exports to that important market.

This was reported by FOPEX [Export Promotion Fund]. It indicated that the Japanese mission of 25 businessmen purchased a variety of national products and took many samples for future purchases.

It pointed out that the Japanese businessmen were in contact with about 80 representatives of national companies that sell natural dyes, frozen vegetables, medicinal herbs, crafts, rare ores, cotton textiles, silver articles, vicuna wool, marble, granite, etc.

It stated that this was the first time a large delegation of Japanese buyers from companies like Iton-En Enterprise, Nissho Iwai Corporation, Kobayashi and Co., Fuji Sekiyu, Fuji International, Interform, and Uniworld had come to this country.

FOPEX indicated that their visit to our country was coordinated by the Peruvian Trade Office in Tokyo.

As is known, Japan is the second largest market for traditional Peruvian products and the sixth largest for nontraditional exports.

In 1985, traditional exports totaled \$207,897,000 and manufactured products totaled \$25,425,000.

The main exports to that country include coffee beans, iron, zinc, and lead. Nontraditional exports include alpaca wool, zinc alloys, thread, meat, and cochineal.

Increased Cooperation with New Zealand

Lima EL PERUANO in Spanish 28 Oct 86 p 2

[Text] The New Zealand minister of foreign trade and tourism, Mike Moore, is doing important work. He led an economic mission made up of 50 importers and exporters and top-level public officials from that country to Peru.

The New Zealand Government hopes to finalize major agreements for commercial, industrial, and agroindustrial cooperation during this visit. It also hopes to provide advice and direct support to improve the Peruvian agricultural sector. It has also shown special interest in the Bayovar phosphates; important meetings have been planned with the pertinent officials.

Products that would be well received on the New Zealand market include coffee, wire, cacao, fruit, wood, veneer, crafts, and fabrics. This country offers Peru seeds, livestock, mining equipment, and material and services for geothermal engineering.

Trade Balance Between Peru, New Zealand

According to sources from the Deputy Ministry of Trade, the trade balance between Peru and New Zealand from 1980 to 1985 does not favor Peru. Exports declined 22.5 percent per year. New Zealand imports also went down, but at a rate of 7.5 percent per year.

Last year Peruvian exports were only \$63,000 and imports \$12,882,000, yielding a trade deficit of \$12,819,000.

All Peruvian exports to New Zealand are nontraditional products like Brazil nuts, fungicides based on oxychloride, carded cotton yarn, alpaca rugs, and canned fish until 1983. The main exports in 1985 were vegetable dyes, plate glass, and basketry. Exports of chestnuts also resumed.

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INTERIOR MINISTER ON IMPROVED POLICE EFFICIENCY

Lima EL COMERCIO in Spanish 16 Oct 86 p A-4

[Interview with Eng Abel Salinas, minister of interior; date and place not given]

[Text] So far six people have been arrested in connection with the attack on Vice Admiral Geronimo Cafferata. Three probably participated in this terrorist act; the others are under suspicion. The minister of interior, Eng Abel Salinas, announced this yesterday in a dialogue with EL COMERCIO.

[Question] This time the police acted quickly enough. How?

[Answer] Before answering your question, let us recall the following facts. There was an attack and almost instantly there was a patrol car. Pursuit of the criminals began. Two of them were wounded by the police. Then an operation to capture the terrorists began. This operation ended successfully in a few hours. Two of the criminals were shown to reporters that night.

Distribution of Patrol Cars

[Question] What is the explanation?

[Answer] Better coordination of the Police Forces. Better distribution of patrol cars. There are 260 vehicles patrolling the city and soon there will be 300 more for the police.

[Question] But there was one fact, one "tip."

[Answer] There are dozens of tips. The important thing is to follow one or several clues and, in a matter of hours, make arrests. In this case, the terrorists were completely surprised and surrendered. A large arsenal of explosives and firearms was seized.

Police Efficiency

[Question] Minister, do you think police efficiency has improved?

[Answer] My opinion is not that important. The opinion of the public, the analyses of the reporters, is what counts.

[Question] One swallow....

[Answer] We agree. One swallow does not make a summer. In this case we cannot talk about a flock yet, but there are several swallows. Facts reveal that we are facing a new situation. A high percentage of kidnappings have been solved and the police have destroyed bands of kidnappers with notable efficiency. The kidnappers can be sure of one thing; they are sure to be captured. A mathematical study of the cases solved reveals that our police have acted very professionally.

Recidivism

[Question] Back to the attack. Was the young girl arrested a repeat offender?

[Answer] Yes. Her name is Maria Aida Zaine Heredia. She was in jail for terrorism and had been released by the judge.

Repression, Human Rights

[Answer] Efficiency in police work has improved. We are trying to do this within the law and with respect for human rights. A state of law is strong when crime is fought with the Constitution and the laws. For example, do you remember the Ayaorcco case?

[Question] Wasn't that the mass murder of peasants in Abancay a month ago?

[Answer] Yes. There were 13 deaths. It is assumed that one of the dead was a terrorist. They are sure that two others killed were terrorists. Two pistols used to fire at the police were found. The other 10 were innocent. An investigation was ordered and personnel from Cuzco went to that site. They have presented their report. I studied it and feel it is inadequate. There are facts that must be cleared up.

Commission's Trip

[Question] What, for example?

[Answer] Three doctors performed the autopsies. However, they refused to sign the respective protocols. It is said that the doctors are from the IU [United Left]. There are tests that must be done to pinpoint the responsibilities. Therefore, today (yesterday) I ordered a high-level commission headed by General Porto of the GR [Republican Guard of Peru] to go there from Lima. Members of the GC [Civil Guard], the GR, and the PIP [Peruvian Investigative Police] will accompany him. They must return promptly with an elucidative report.

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AMNESTY INTERNATIONAL REPORT CONFIRMS RIGHTS ABUSES

Lima EL NUEVO DIARIO in Spanish 16 Oct 86 p 6

[Text] In its annual report released yesterday, AI [Amnesty International] indicated that human rights violations persist in Peru.

According to the report, the AI's basic concern is the Aprista Government's policy of disappearances and extrajudicial executions to combat the guerrilla group called Shining Path.

"Although President Alan Garcia's government took important measures to control abuses by the FFAA [Armed Forces], reports continue about executions and disappearances in the zones administered by anti-guerrilla commands of the FFAA," according to the 383-page report.

During a press conference, the assistant secretary general of the AI, Larry Cox, indicated that there have been more than 2,000 known disappearances from 1983 until now.

He also reported that although the government has promised to respect human rights, the FFAA and, in other cases, the groups opposing the regime continue to violate them.

Englishman Larry Cox emphasized: "The abuses and murders that Shining Path might commit cannot be answered in kind by the government."

In the annual report released worldwide, the AI relates that "on 29 August, 1 month after President Alan Garcia took office, reports were received in the capital that seven bodies had been exhumed from a common grave in Pucayacu (Huanta). Each one had been shot in the head. They were later identified as people the Army had arrested on 4 August."

It also describes in detail other mass murders committed by the Army and the Navy in the Accomarca, Umaro, and Bellavista zones.

No Government Response to AI on Prison Murders

When questioned about the steps taken by the commission that visited Peru to investigate events in Lima prisons, the AI envoy said that this mission sent a

telex to President Alan Garcia the first week of September. They asked him to investigate in order to punish those responsible for the mass murder.

However, the Peruvian Government has not yet responded concerning its investigations to punish those responsible.

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INCENTIVES PROPOSED TO STOP SMUGGLING IN TACNA

Lima EL COMERCIO in Spanish 15 Oct 86 p A-4

[Text] The chairman of the Senate Tourism Commission, Lastenio Morales Costa, said yesterday that he will propose that the Senate establish incentives and better tariff rates in order to normalize the situation of the 20,000 merchants in Tacna now affected by massive smuggling through that border zone.

Incentive for Imports

The Aprista legislator recently carried out various activities in "Ciudad Heroica" related to his commission. He said that they will try to create incentives for direct imports by the merchants with a limited tariff.

They will also try to provide better facilities for tourists who visit the zone so that they can buy more products and not have them confiscated at customs controls.

He mentioned that they will try to improve the current control system in southern Peru, especially on highways. He considered it "very exaggerated" because there are 15 to 18 customs controls between Tacna and Lima.

He said: "I agree with control but it must be organized and not excessive. It hurts tourism to that department."

He said that the measures he will propose would eliminate most of the smuggling. The state would receive some revenue and Tacna would maintain its status, impetus, and development as a border zone whose progress the government must promote.

In order to coordinate all these actions, he has invited the deputy minister of tourism, the customs director, a representative from the Ministry of Economy and Finance, and an official from the Police Forces to his commission.

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FOREIGN MINISTRY REPORT ON ANTARCTIC POLICY

Lima EL PERUANO in Spanish 24 Oct 86 p 4

[Text] Because of growing interest among national government and academic circles concerning Peru's policy on Antarctica, the Ministry of Foreign Relations reports the following:

1. Peru's policy on Antarctica is inspired and based on the concepts and guidelines established by the Declaration of the Constitutional Assembly dated 3 May 1979 and the communique issued when Peru signed the Antarctic Treaty on 11 April 1981.

2. Faithful to Peru's traditional policy of respect for its international commitments, the government conducts its Antarctic policy in accord with the rights and obligations that this treaty clearly establishes. The basic objectives of this treaty are: to guarantee the exclusively peaceful use of Antarctica and its demilitarization; to aid international scientific cooperation in the region; to keep Antarctica a nonnuclear zone; to preserve its ecological balance; and to conserve the living resources on that continent.

3. As to territorial claims, that treaty (Art. IV, paragraph 2) establishes: "No act or activity that is carried out while the present treaty is in effect will constitute a basis for validation, support, or denial of a claim of territorial sovereignty in Antarctica or establish sovereign rights in this region.

"There will be no new claims of territorial sovereignty in Antarctica nor will previously made claims become valid while the present treaty is in effect."

4. Peru is a nonadvisory party to the Antarctic Treaty. Therefore, it is in our national interest to clearly and effectively affirm our country's presence in the Antarctic region based on international law. The government considers attaining the status of advisory party an indispensable part of its Antarctic policy. According to that treaty, it is necessary to do important scientific research such as establishing a scientific station in the region or sending a scientific expedition. This is being actively considered within the framework of the CNAA [National Commission for Antarctic Affairs].

5. One function of the CNAA, a multisectorial technical organization made up of all sectors connected to Antarctic affairs, is to advise the government on the formulation and execution of the national policy on Antarctica.

6. A CNAA delegation recently held work sessions in Argentina and Chile with the objective of studying their Antarctic programs in order to facilitate preparations for the first Peruvian scientific expedition to Antarctica.

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BRIEFS

SOCIAL SECURITY AGREEMENT WITH ARGENTINA--Peruvian citizens who work in Argentina and Argentines who work in Peru might soon be covered under the other country's Social Security. The Peruvian deputy minister of social welfare, Domingo Treneman Gonzales, and the minister from the Argentine Embassy, Hernan Massini Ezcurra, established a timetable of activities that includes preliminary studies for an administratively viable joint agreement. In Argentina, the agreement would cover retirement and pensions, family subsidy, social benefits, work accidents, and occupational diseases. In Peru, it would cover illnesses, maternity, burial allowance, disability pension, old age, survivor's benefits, death benefits, work accidents, and occupational diseases, among others. Deputy Minister Treneman announced that they will try to design an appropriate administrative instrument, in coordination with the Peruvian Social Security Institute, to carry out the agreement. Massini Ezcurra revealed Argentina's interest in expediting the agreement. [Text] [Lima EL COMERCIO in Spanish 15 Oct 86 p A-4] 7717

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